

REQUEST FOR PROPOSALS

**FEASIBILITY STUDY FOR THE
MUNICIPAL SOLID WASTE TO ENERGY PLANT**

Submission Deadline: 1:00 pm LOCAL TIME

FRIDAY, SEPTEMBER 23, 2009

Submission Place: Claudia do Valle
MPX Energia, S.A.
Praia do Flamengo 66, 8º andar
Rio de Janeiro, RJ 22210-903
Brazil

Phone: 011 55 (21) 2555-4288

**SEALED PROPOSALS SHALL BE CLEARLY MARKED AND RECEIVED PRIOR TO THE
TIME AND DATE SPECIFIED ABOVE. PROPOSALS RECEIVED AFTER SAID TIME
AND DATE WILL NOT BE ACCEPTED OR CONSIDERED.**

REQUEST FOR PROPOSALS

SECTION 1:	INTRODUCTION
1.1	BACKGROUND SUMMARY
1.2	OBJECTIVE
1.3	PROPOSALS TO BE SUBMITTED
1.4	CONTRACT FUNDED BY USDITA.....
SECTION 2:	INSTRUCTIONS TO OFFERORS
2.1	PROJECT TITLE
2.2	DEFINITIONS.....
2.3	DEFINITIONAL MISSION REPORT
2.4	EXAMINATION OF DOCUMENTS
2.5	PROJECT FUNDING SOURCE.....
2.6	RESPONSIBILITY FOR COSTS
2.7	TAXES
2.8	CONFIDENTIALITY.....
2.9	ECONOMY OF PROPOSALS
2.10	SUBSTANTIVE PROPOSALS
2.11	CONDITIONS REQUIRED FOR PARTICIPATION
2.12	LANGUAGE OF PROPOSAL.....
2.13	PROPOSAL SUBMISSION REQUIREMENTS
2.14	PACKAGING.....
2.15	AUTHORIZED SIGNATURE
2.16	EFFECTIVE PERIOD OF PROPOSAL
2.17	EXCEPTIONS
2.18	OFFEROR QUALIFICATIONS
2.19	RIGHT TO REJECT PROPOSALS.....
2.20	PRIME CONTRACTOR RESPONSIBILITY
2.21	AWARD
2.22	COMPLETE SERVICES
2.23	INVOICING AND PAYMENT
SECTION 3:	PROPOSAL FORMAT AND CONTENT
3.1	EXECUTIVE SUMMARY
3.2	COMPANY INFORMATION
3.2.1	COMPANY PROFILE
3.2.2	OFFEROR'S AUTHORIZED NEGOTIATOR
3.2.3	NEGOTIATION PREREQUISITES
3.2.4	OFFEROR'S REPRESENTATIONS
3.3	ORGANIZATIONAL STRUCTURE, MANAGEMENT, AND KEY PERSONNEL
3.4	TECHNICAL APPROACH AND WORK PLAN
3.5	EXPERIENCE AND QUALIFICATIONS
SECTION 4:	AWARD CRITERIA.....

ANNEX 1	FEDBIZOPPS ANNOUNCEMENT
ANNEX 2	BACKGROUND DEFINITIONAL MISSION REPORT
ANNEX 3	USTDA NATIONALITY REQUIREMENTS
ANNEX 4	USTDA GRANT AGREEMENT, INCLUDING MANDATORY CONTRACT CLAUSES
ANNEX 5	TERMS OF REFERENCE (FROM USTDA GRANT AGREEMENT)
ANNEX 6	COMPANY INFORMATION

Section 1: INTRODUCTION

The U.S. Trade and Development Agency (USTDA) has provided a grant in the amount of US\$406,000 to MPX Energia, S.A. (the "Grantee") in accordance with a grant agreement dated June 26, 2009 (the "Grant Agreement"). USTDA will fund the costs of a feasibility study ("Study") for the proposed Municipal Solid Waste to Energy Plant Project ("Project") in Brazil ("Host Country"). The Grant Agreement is attached at Annex 4 for reference. The Grantee is soliciting technical proposals from qualified U.S. firms to provide expert consulting services to perform the Feasibility Study.

1.1 BACKGROUND SUMMARY

Currently, Brazil is the 10th largest power consumer in the world and the largest in Latin America. The Brazilian energy sector and MPX are committed to the development of renewable energy. Waste to energy technology is an excellent medium to mitigate the impact of municipal solid waste while addressing the increasing demand for energy resources.

To help meet these challenges, during a 2008 USTDA business development visit, MPX requested feasibility study assistance on a proposed 30 MW greenfield waste to energy project. The study will determine the technical and financial feasibility of a plan to construct a generation facility that will provide reliable and efficient power generation while providing a technical and financial solution to the utilization of municipal solid waste. The study would also include the development of the tender documents. The project is expected to offset greenhouse gas emissions from existing landfills by using solid waste to generate of electricity.

The proposed project will be a pioneer in Brazil and could provide an impetus to implement additional waste to energy plants throughout the country. The major cities in Brazil are presently incurring large costs to dispose of solid waste. The proposed project, intended to target the municipality of Rio de Janeiro, would be much more cost effective and could possibly even provide a positive cash flow to the city. If successful, the project could be replicated throughout Brazil.

MPX Energia S.A. was created in 2001 and has 1,440 MW of power generation projects under development. Comlurb (Companhia Municipal de Limpeza Urbana), a public company responsible for the waste management activities of the city of Rio de Janeiro, and one of the largest sanitation companies in Latin America, will participate in the study by providing site access and data. A background Definitional Mission is provided for reference in Annex 2.

1.2 OBJECTIVE

The objective of the Municipal Solid Waste to Energy Plant Feasibility Study is to assist MPX in determining the technical and financial viability of constructing a greenfield waste to energy (WTE) plant designed preliminarily to serve the state of Rio de Janeiro. In carrying out the

Study, the selected U.S. Firm shall address all issues related to WTE conversion project sizing, optimal siting, technology selection, economic viability, environmental impacts, institutional issues, and financing options. The Terms of Reference (TOR) for this Feasibility Study are attached as Annex 5.

1.3 PROPOSALS TO BE SUBMITTED

Technical proposals are solicited from interested and qualified U.S. firms. The administrative and technical requirements as detailed throughout the Request for Proposals (RFP) will apply. Specific proposal format and content requirements are detailed in Section 3.

The amount for the contract has been established by a USTDA grant of US\$406,000. **The USTDA grant of US\$406,000 is a fixed amount. Accordingly, COST will not be a factor in the evaluation and therefore, cost proposals should not be submitted.** Upon detailed evaluation of technical proposals, the Grantee shall select one firm for contract negotiations.

1.4 CONTRACT FUNDED BY USTDA

In accordance with the terms and conditions of the Grant Agreement, USTDA has provided a grant in the amount of US\$406,000 to the Grantee. The funding provided under the Grant Agreement shall be used to fund the costs of the contract between the Grantee and the U.S. firm selected by the Grantee to perform the TOR. The contract must include certain USTDA Mandatory Contract Clauses relating to nationality, taxes, payment, reporting, and other matters. The USTDA nationality requirements and the USTDA Mandatory Contract Clauses are attached at Annexes 3 and 4, respectively, for reference.

Section 2: INSTRUCTIONS TO OFFERORS

2.1 PROJECT TITLE

The project is called Municipal Solid Waste to Energy Plant.

2.2 DEFINITIONS

Please note the following definitions of terms as used in this RFP.

The term "Request for Proposals" means this solicitation of a formal technical proposal, including qualifications statement.

The term "Offeror" means the U.S. firm, including any and all subcontractors, which responds to the RFP and submits a formal proposal and which may or may not be successful in being awarded this procurement.

2.3 DEFINITIONAL MISSION REPORT

USTDA sponsored a Definitional Mission to address technical, financial, sociopolitical, environmental and other aspects of the proposed project. A copy of the report is attached at Annex 2 for background information only. Please note that the TOR referenced in the report are included in this RFP as Annex 5.

2.4 EXAMINATION OF DOCUMENTS

Offerors should carefully examine this RFP. It will be assumed that Offerors have done such inspection and that through examinations, inquiries and investigation they have become familiarized with local conditions and the nature of problems to be solved during the execution of the Feasibility Study.

Offerors shall address all items as specified in this RFP. Failure to adhere to this format may disqualify an Offeror from further consideration.

Submission of a proposal shall constitute evidence that the Offeror has made all the above mentioned examinations and investigations, and is free of any uncertainty with respect to conditions which would affect the execution and completion of the Feasibility Study.

2.5 PROJECT FUNDING SOURCE

The Feasibility Study will be funded under a grant from USTDA. The total amount of the grant is not to exceed US\$406,000.

2.6 RESPONSIBILITY FOR COSTS

Offeror shall be fully responsible for all costs incurred in the development and submission of the proposal. Neither USTDA nor the Grantee assumes any obligation as a result of the issuance of this RFP, the preparation or submission of a proposal by an Offeror, the evaluation of proposals, final selection or negotiation of a contract.

2.7 TAXES

Offerors should submit proposals that note that in accordance with the USTDA Mandatory Contract Clauses, USTDA grant funds shall not be used to pay any taxes, tariffs, duties, fees or other levies imposed under laws in effect in the Host Country.

2.8 CONFIDENTIALITY

The Grantee will preserve the confidentiality of any business proprietary or confidential information submitted by the Offeror, which is clearly designated as such by the Offeror, to the extent permitted by the laws of the Host Country.

2.9 ECONOMY OF PROPOSALS

Proposal documents should be prepared simply and economically, providing a comprehensive yet concise description of the Offeror's capabilities to satisfy the requirements of the RFP. Emphasis should be placed on completeness and clarity of content.

2.10 OFFEROR CERTIFICATIONS

The Offeror shall certify (a) that its proposal is genuine and is not made in the interest of, or on behalf of, any undisclosed person, firm, or corporation, and is not submitted in conformity with, and agreement of, any undisclosed group, association, organization, or corporation; (b) that it has not directly or indirectly induced or solicited any other Offeror to put in a false proposal; (c) that it has not solicited or induced any other person, firm, or corporation to refrain from submitting a proposal; and (d) that it has not sought by collusion to obtain for itself any advantage over any other Offeror or over the Grantee or USTDA or any employee thereof.

2.11 CONDITIONS REQUIRED FOR PARTICIPATION

Only U.S. firms are eligible to participate in this tender. However, U.S. firms may utilize subcontractors from the Host Country for up to 20 percent of the amount of the USTDA grant for specific services from the TOR identified in the subcontract. USTDA's nationality requirements, including definitions, are detailed in Annex 3.

2.12 LANGUAGE OF PROPOSAL

All proposal documents shall be prepared and submitted in English.

2.13 PROPOSAL SUBMISSION REQUIREMENTS

The **Cover Letter** in the proposal must be addressed to:

Claudia do Valle
MPX Energia, S.A.
Praia do Flamengo 66, 8º andar
Rio de Janeiro, RJ 22210-903
Brazil

Phone: 011 55 (21) 2555-4288

An Original and two copies of your proposal must be received at the above address no later than 1:00 pm (local time), on September 23, 2009.

Proposals may be either sent by mail, overnight courier, or hand-delivered. Whether the proposal is sent by mail, courier or hand-delivered, the Offeror shall be responsible for actual delivery of the proposal to the above address before the deadline. Any proposal received after the deadline will be returned unopened. The Grantee will promptly notify any Offeror if its proposal was received late.

Upon timely receipt, all proposals become the property of the Grantee.

2.14 PACKAGING

The original and each copy of the proposal must be sealed to ensure confidentiality of the information. The proposals should be individually wrapped and sealed, and labeled for content including "original" or "copy number x"; the original and two copies should be collectively wrapped and sealed, and clearly labeled.

Neither USTDA nor the Grantee will be responsible for premature opening of proposals not properly wrapped, sealed and labeled.

2.15 AUTHORIZED SIGNATURE

The proposal must contain the signature of a duly authorized officer or agent of the Offeror empowered with the right to bind the Offeror.

2.16 EFFECTIVE PERIOD OF PROPOSAL

The proposal shall be binding upon the Offeror for ninety (90) days after the proposal due date, and Offeror may withdraw or modify this proposal at any time prior to the due date upon written request, signed in the same manner and by the same person who signed the original proposal.

2.17 EXCEPTIONS

All Offerors agree by their response to this RFP announcement to abide by the procedures set forth herein. No exceptions shall be permitted.

2.18 OFFEROR QUALIFICATIONS

As provided in Section 3, Offerors shall submit evidence that they have relevant past experience and have previously delivered advisory, feasibility study and/or other services similar to those required in the TOR, as applicable.

2.19 RIGHT TO REJECT PROPOSALS

The Grantee reserves the right to reject any and all proposals.

2.20 PRIME CONTRACTOR RESPONSIBILITY

Offerors have the option of subcontracting parts of the services they propose. The Offeror's proposal must include a description of any anticipated subcontracting arrangements, including the name, address, and qualifications of any subcontractors. USTDA nationality provisions apply to the use of subcontractors and are set forth in detail in Annex 3. The successful Offeror shall cause appropriate provisions of its contract, including all of the applicable USTDA Mandatory Contract Clauses, to be inserted in any subcontract funded or partially funded by USTDA grant funds.

2.21 AWARD

The Grantee shall make an award resulting from this RFP to the best qualified Offeror, on the basis of the evaluation factors set forth herein. The Grantee reserves the right to reject any and all proposals received and, in all cases, the Grantee will be the judge as to whether a proposal has or has not satisfactorily met the requirements of this RFP.

2.22 COMPLETE SERVICES

The successful Offeror shall be required to (a) provide local transportation, office space and secretarial support required to perform the TOR if such support is not provided by the Grantee; (b) provide and perform all necessary labor, supervision and services; and (c) in accordance with best technical and business practice, and in accordance with the requirements, stipulations, provisions and conditions of this RFP and the resultant contract, execute and complete the TOR to the satisfaction of the Grantee and USTDA.

2.23 INVOICING AND PAYMENT

Deliverables under the contract shall be delivered on a schedule to be agreed upon in a contract with the Grantee. The Contractor may submit invoices to the designated Grantee Project Director in accordance with a schedule to be negotiated and included in the contract. After the Grantee's approval of each invoice, the Grantee will forward the invoice to USTDA. If all of the requirements of USTDA's Mandatory Contract Clauses are met, USTDA shall make its respective disbursement of the grant funds directly to the U.S. firm in the United States. All payments by USTDA under the Grant Agreement will be made in U.S. currency. Detailed provisions with respect to invoicing and disbursement of grant funds are set forth in the USTDA Mandatory Contract Clauses attached in Annex 4.

Section 3: PROPOSAL FORMAT AND CONTENT

To expedite proposal review and evaluation, and to assure that each proposal receives the same orderly review, all proposals must follow the format described in this section.

Proposal sections and pages shall be appropriately numbered and the proposal shall include a Table of Contents. Offerors are encouraged to submit concise and clear responses to the RFP. Proposals shall contain all elements of information requested without exception. Instructions regarding the required scope and content are given in this section. The Grantee reserves the right to include any part of the selected proposal in the final contract.

The proposal shall consist of a technical proposal only. A cost proposal is NOT required because the amount for the contract has been established by a USTDA grant of US\$406,000, which is a fixed amount.

Offerors shall submit one (1) original and two copies of the proposal. Proposals received by fax cannot be accepted.

Each proposal must include the following:

- Transmittal Letter,
- Cover/Title Page,
- Table of Contents,
- Executive Summary,
- Company Information,
- Organizational Structure, Management Plan, and Key Personnel,
- Technical Approach and Work Plan, and
- Experience and Qualifications.

Detailed requirements and directions for the preparation of the proposal are presented below.

3.1 EXECUTIVE SUMMARY

An Executive Summary should be prepared describing the major elements of the proposal, including any conclusions, assumptions, and general recommendations the Offeror desires to make. Offerors are requested to make every effort to limit the length of the Executive Summary to no more than five (5) pages.

3.2 COMPANY INFORMATION

For convenience, the information required in this Section 3.2 may be submitted in the form attached in Annex 6 hereto.

3.2.1 Company Profile

Provide the information listed below relative to the Offeror's firm. If the Offeror is proposing to subcontract some of the proposed work to another firm(s), the information below must be provided for each subcontractor.

1. Name of firm and business address (street address only), including telephone and fax numbers.
2. Year established (include predecessor companies and year(s) established, if appropriate).
3. Type of ownership (e.g. public, private or closely held).
4. If private or closely held company, provide list of shareholders and the percentage of their ownership.
5. List of directors and principal officers (President, Chief Executive Officer, Vice-President(s), Secretary and Treasurer; provide full names including first, middle and last). Please place an asterisk (*) next to the names of those principal officers who will be involved in the Feasibility Study.
6. If Offeror is a subsidiary, indicate if Offeror is a wholly-owned or partially-owned subsidiary. Provide the information requested in items 1 through 5 above for the Offeror's parent(s).
7. Project Manager's name, address, telephone number, e-mail address and fax number .

3.2.2 Offeror's Authorized Negotiator

Provide name, title, address, telephone number, e-mail address and fax number of the Offeror's authorized negotiator. The person cited shall be empowered to make binding commitments for the Offeror and its subcontractors, if any.

3.2.3 Negotiation Prerequisites

1. Discuss any current or anticipated commitments which may impact the ability of the Offeror or its subcontractors to complete the Feasibility Study as proposed and reflect such impact within the project schedule.
2. Identify any specific information which is needed from the Grantee before commencing contract negotiations.

3.2.4 Offeror's Representations

If any of the following representations cannot be made, or if there are exceptions, the Offeror must provide an explanation.

1. Offeror is a corporation *[insert applicable type of entity if not a corporation]* duly organized, validly existing and in good standing under the laws of the State of _____. The Offeror has all the requisite corporate power and authority to conduct its business as presently conducted, to submit this proposal, and if selected, to execute and deliver a contract to the Grantee for the performance of the Feasibility Study. The Offeror is not debarred, suspended, or to the best of its knowledge or belief, proposed for debarment, or ineligible for the award of contracts by any federal or state governmental agency or authority. The Offeror has included, with this proposal, a certified copy of its Articles of Incorporation, and a certificate of good standing issued within one month of the date of its proposal by the State of _____.
2. Neither the Offeror nor any of its principal officers have, within the three-year period preceding this RFP, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a federal, state or local government contract or subcontract; violation of federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, violating federal or state criminal tax laws, or receiving stolen property.
3. Neither the Offeror, nor any of its principal officers, is presently indicted for, or otherwise criminally or civilly charged with, commission of any of the offenses enumerated in paragraph 2 above.
4. There are no federal or state tax liens pending against the assets, property or business of the Offeror. The Offeror, has not, within the three-year period preceding this RFP, been notified of any delinquent federal or state taxes in an amount that exceeds \$3,000 for which the liability remains unsatisfied. Taxes are considered delinquent if (a) the tax liability has been fully determined, with no pending administrative or judicial appeals; and (b) a taxpayer has failed to pay the tax liability when full payment is due and required.
5. The Offeror has not commenced a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law. The Offeror has not had filed against it an involuntary petition under any bankruptcy, insolvency or similar law.

The selected Offeror shall notify the Grantee and USTDA if any of the representations included in its proposal are no longer true and correct at the time of its entry into a contract with the Grantee. USTDA retains the right to request an updated certificate of good standing from the selected Offeror.

3.3 ORGANIZATIONAL STRUCTURE, MANAGEMENT, AND KEY PERSONNEL

Describe the Offeror's proposed project organizational structure. Discuss how the project will be managed including the principal and key staff assignments for this Feasibility Study. Identify the Project Manager who will be the individual responsible for this project. The Project Manager shall have the responsibility and authority to act on behalf of the Offeror in all matters related to the Feasibility Study.

Provide a listing of personnel (including subcontractors) to be engaged in the project, including both U.S. and local subcontractors, with the following information for key staff: position in the project; pertinent experience, curriculum vitae; other relevant information. If subcontractors are to be used, the Offeror shall describe the organizational relationship, if any, between the Offeror and the subcontractor.

A manpower schedule and the level of effort for the project period, by activities and tasks, as detailed under the Technical Approach and Work Plan shall be submitted. A statement confirming the availability of the proposed project manager and key staff over the duration of the project must be included in the proposal.

3.4 TECHNICAL APPROACH AND WORK PLAN

Describe in detail the proposed Technical Approach and Work Plan (the "Work Plan"). Discuss the Offeror's methodology for completing the project requirements. Include a brief narrative of the Offeror's methodology for completing the tasks within each activity series. Begin with the information gathering phase and continue through delivery and approval of all required reports.

Prepare a detailed schedule of performance that describes all activities and tasks within the Work Plan, including periodic reporting or review points, incremental delivery dates, and other project milestones.

Based on the Work Plan, and previous project experience, describe any support that the Offeror will require from the Grantee. Detail the amount of staff time required by the Grantee or other participating agencies and any work space or facilities needed to complete the Feasibility Study.

3.5 SECTION 5: EXPERIENCE AND QUALIFICATIONS

Provide a discussion of the Offeror's experience and qualifications that are relevant to the objectives and TOR for the Feasibility Study. If a subcontractor(s) is being used, similar information must be provided for the prime and each subcontractor firm proposed for the project. The Offeror shall provide information with respect to relevant experience and qualifications of key staff proposed. The Offeror shall include letters of commitment from the individuals proposed confirming their availability for contract performance.

As many as possible but not more than six (6) relevant and verifiable project references must be provided for the Offeror and any subcontractor, including the following information:

Project name,
Name and address of client (indicate if joint venture),
Client contact person (name/ position/ current phone and fax numbers),
Period of Contract,
Description of services provided,
Dollar amount of Contract, and
Status and comments.

Offerors are strongly encouraged to include in their experience summary primarily those projects that are similar to or larger in scope than the Feasibility Study as described in this RFP.

Section 4: AWARD CRITERIA

Individual proposals will be initially evaluated by a Procurement Selection Committee of representatives from the Grantee. The Committee will then conduct a final evaluation and completion of ranking of qualified Offerors. The Grantee will notify USTDA of the best qualified Offeror, and upon receipt of USTDA's no-objection letter, the Grantee shall promptly notify all Offerors of the award and negotiate a contract with the best qualified Offeror. If a satisfactory contract cannot be negotiated with the best qualified Offeror, negotiations will be formally terminated. Negotiations may then be undertaken with the second most qualified Offeror and so forth.

The selection of the Contractor will be based on the following criteria:

Professional Experience (40%) – Each bidder shall propose a project team that will be fully qualified to execute the entire scope of work of the study. The proposed staff should have qualifications and experience in engineering, design, technical analysis, operations planning and modeling, environmental assessments, as well as in depth technical knowledge of waste to energy technologies, substations and electrical systems for WTE plant connection to the grid, and appropriate software and hardware for the various operational tasks. Experience with utility or independent power producer clients would be beneficial. Qualified bidder will be expected to provide evidence of satisfactorily executing at least five (5) similar projects, with one project currently on-going or completed in last 2 years. The reference projects (except for current or recently completed) should have similar or larger size and complexity as the proposed one.

International Experience (30%) – Each bidder shall exhibit international experience and capability to perform similar international feasibility studies. Qualified bidder will be expected to provide evidence of satisfactorily executing at least three (3) international projects in the last 5 years. Reference international project should have similar or larger size and complexity as the proposed one and should concentrate on either waste-to-energy or coal utilization projects (conventional, CFB, gasification). MPX will consider Brazilian experience in the evaluation of the bidder.

Proposed Work Plan (30%) – Each bidder shall demonstrate understanding of all the project tasks. Proposal efforts should be responsive to the requirements outlined in the Scope of Work. The proposed Work Plan should be detailed, realistic, and manageable. Clear objectives should be achieved at the end of each and all tasks.

Proposals that do not include all requested information may be considered non-responsive.

Price will not be a factor in contractor selection.

ANNEX 1

Claudia do Valle, MPX Energia, S.A., Praia do Flamengo 66, 8° andar, Rio de Janeiro, RJ 22210-903, Brazil, Tel.: 55 (21) 2555-4288

B - BRAZIL: MUNICIPAL SOLID WASTE TO ENERGY PLANT

POC John Kusnierek, USTDA, 1000 Wilson Boulevard, Suite 1600, Arlington, VA 22209 3901, Tel: (703) 875-4357, Fax: (703) 875-4009. MUNICIPAL SOLID WASTE TO ENERGY PLANT. The Grantee invites submission of qualifications and proposal data (collectively referred to as the "Proposal") from interested U.S. firms which are qualified on the basis of experience and capability to develop a feasibility to assist MPX in determining the technical and financial viability of constructing a greenfield waste to energy (WTE) plant designed preliminarily to serve the state of Rio de Janeiro. In carrying out the Study, the selected U.S. Firm shall address all issues related to WTE conversion project sizing, optimal siting, technology selection, economic viability, environmental impacts, institutional issues, and financing options.

The U.S. firm selected will be paid in U.S. dollars from a \$406,000 grant to the Grantee from the U.S. Trade and Development Agency (USTDA).

A detailed Request for Proposals (RFP), which includes requirements for the Proposal, the Terms of Reference, and a background definitional mission report are available from USTDA, at 1000 Wilson Boulevard, Suite 1600, Arlington, VA 22209-3901. To request the RFP in PDF format, please go to <https://www.ustda.gov/USTDA/FedBizOpps/RFP/rfpform.asp>. Requests for a mailed hardcopy version of the RFP may also be faxed to the IRC, USTDA at 703-875-4009. In the fax, please include your firm's name, contact person, address, and telephone number. Some firms have found that RFP materials sent by U.S. mail do not reach them in time for preparation of an adequate response. Firms that want USTDA to use an overnight delivery service should include the name of the delivery service and your firm's account number in the request for the RFP. Firms that want to send a courier to USTDA to retrieve the RFP should allow one hour after faxing the request to USTDA before scheduling a pick-up. Please note that no telephone requests for the RFP will be honored. Please check your internal fax verification receipt. Because of the large number of RFP requests, USTDA cannot respond to requests for fax verification. Requests for RFPs received before 4:00 PM will be mailed the same day. Requests received after 4:00 PM will be mailed the following day. Please check with your courier and/or mail room before calling USTDA.

Only U.S. firms and individuals may bid on this USTDA financed activity. Interested firms, their subcontractors and employees of all participants must qualify under USTDA's nationality requirements as of the due date for submission of qualifications and proposals and, if selected to carry out the USTDA-financed activity, must continue to meet such requirements throughout the duration of the USTDA-financed activity. All goods and services to be provided by the selected firm shall have their nationality, source and origin in the U.S. or host country. The U.S. firm may use subcontractors from the host country for up to 20 percent of the USTDA grant amount. Details of USTDA's nationality requirements and mandatory contract clauses are also included in the RFP.

Interested U.S. firms should submit their Proposal in English directly to the Grantee by 1:00pm (local time), September 23, 2009 at the above address. Evaluation criteria for the Proposal are included in the RFP. Price will not be a factor in contractor selection, and therefore, cost proposals should NOT be submitted. The Grantee reserves the right to reject any and/or all Proposals. The Grantee also reserves the right to contract with the selected firm for subsequent work related to the project. The Grantee is not bound to pay for any costs associated with the preparation and submission of Proposals.

ANNEX 2

CONSTANT GROUP LLC
115 Stelling Avenue
Maywood, NJ 07607
Phone: (201) 982-0940, Fax: (201) 843-3077

**DEFINITIONAL MISSION:
LATIN AMERICA AND THE CARIBBEAN REGION:
WASTE TO ENERGY PLANTS IN BRAZIL, JAMAICA AND
PANAMA**

BRAZIL: CAJU MUNICIPAL SOLID WASTE POWER PLANT

Solicitation Number: RFQ-CO2008510026

FINAL REPORT

May 2009



This report was funded by the U.S. Trade and Development Agency (USTDA), a foreign assistance agency of the U.S. Government. The opinions, findings, conclusions, or recommendations expressed in this document are those of the author(s) and do not necessarily represent the official position and policies of USTDA.

Mailing and Delivery Address: 1000 Wilson Boulevard, Suite 1600, Arlington, VA 22209-3901
Phone: 703-875-4357 • **Fax:** 703-875-4009 • **Web site:** www.tda.gov • **email:** info@tda.gov



The U.S. Trade and Development Agency

The U.S. Trade and Development Agency (USTDA) advances economic development and U.S. commercial interests in developing and middle income countries. The agency funds various forms of technical assistance, feasibility studies, training, orientation visits and business workshops that support the development of a modern infrastructure and a fair and open trading environment.

USTDA's strategic use of foreign assistance funds to support sound investment policy and decision-making in host countries creates an enabling environment for trade, investment and sustainable economic development. Operating at the nexus of foreign policy and commerce, USTDA is uniquely positioned to work with U.S. firms and host countries in achieving the agency's trade and development goals. In carrying out its mission, USTDA gives emphasis to economic sectors that may benefit from U.S. exports of goods and services.

Mailing and Delivery Address: 1000 Wilson Boulevard, Suite 1600, Arlington, VA 22209-3901
Phone: 703-875-4357 • **Fax:** 703-875-4009 • **Web site:** www.tda.gov • **email:** info@tda.gov



Table of Contents

1. PROJECT EXECUTIVE SUMMARY.....	2
2. DEFINITIONAL MISSION SCOPE AND APPROACH.....	2
3. PROJECT BACKGROUND AND DESCRIPTION	3
4. DEVELOPMENT IMPACT.....	12
5. PROJECT SPONSOR'S COMMITMENT	13
6. IMPLEMENTATION FINANCING.....	14
7. U.S. EXPORT POTENTIAL.....	16
8. FOREIGN COMPETITION.....	20
9. ENVIRONMENTAL IMPACT.....	21
10. IMPACT ON U.S. LABOR.....	22
11. QUALIFICATIONS.....	22
12. JUSTIFICATION	25
13. TERMS OF REFERENCE	26
14. CONDITIONS OF THE WORK EFFORT.....	30
15. PROPOSED FEASIBILITY STUDY SCHEDULE AND BUDGET	30
16. PRINCIPAL CONTACT(S) FOR FOLLOW-UP	34
17. OTHER CONTACTS	34
APPENDIX 1 – LETTER FROM MPX.....	36
APPENDIX 2 – LETTER FROM COMLURB.....	38
APPENDIX 3 – COOPERATION AGREEMENT (FOR WTE PROJECT DEVELOPMENT) BETWEEN MPX AND COMLURB - DRAFT.....	43



Project 1 – Brazil: Caju Municipal Solid Waste Power Plant

1. Project Executive Summary

This project has been identified by MPX Energia, a major power developer in Brazil in collaboration with Comlurb, a Rio de Janeiro municipal waste company. The project involves the construction of a 30 MW waste to energy power plant in Caju, Rio de Janeiro.

The project feasibility study will determine the technical and financial feasibility of a plan to construct a greenfield generation facility that will provide reliable and efficient power generation and supply based on wastes and, to the extent any of such options prove feasible, lead to the best technical and financial solution to the utilization of municipal solid waste in Rio de Janeiro.

This project is expected to offset greenhouse gas emissions from existing landfill at a rate of about 300,000 tons per year. The new facility will utilize modern and efficient technology. The project will be able to provide power to roughly 30,000-45,000 households.

Based on the discussions, the Brazilian Development Bank (BNDES) would support infrastructure projects that would offer greater efficiency and environmental advantages. The proposed waste to energy plant falls in this category and would be eligible for funding, assuming that the normal funding criteria are met. Modern waste to energy plants, with appropriate environmental controls, should pose no adverse environmental impact and can generally meet the most stringent emission standards.

The overall project cost is about \$88 million (for a 30 MW plant). U.S. exports could be at the \$30-55 (35-60%) million level. A number of U.S. firms have suitable credentials and are likely to be interested in the proposed project. The feasibility study budget for the project was estimated at \$405,860.

2. Definitional Mission Scope and Approach

USTDA decided to provide to Brazil, via the funding of the subject Definitional Mission (DM), an on-site assessment of the viability of a WTE project at Caju municipal solid waste site. For this purpose, USTDA retained the services of Constant Group LLC (CG), an international power and energy sectors consulting firm based in New Jersey with experience in South America and waste-to-energy projects, to conduct a DM to analyze the proposed project.



CG staff traveled to the host country to review the proposed project and evaluate its technical, economic, and financial viability. Specifically, during the mission, CG conducted expert analyses in the following areas: project technical viability; economic prospects; potential exports of U.S. equipment and services that could be utilized in project implementation; priority of the proposed projects relative to the needs of the host country; potential risks of the proposed projects; foreseeable financeability of the projects; and likely sources of financing. This CG report to USTDA resulting from the mission includes an analysis of the foregoing issues and provides recommendations on whether USTDA should fund additional efforts to bring the selected project closer to implementation. Recommendations to fund or defer funding of further feasibility studies of project examined during the DM are contained in this report, which also include a budget and Terms of Reference (TOR) for the recommended activities.

CG recommendations are based on the following specific considerations:

- Projects that qualify for USTDA funding must: (1) meet national development priorities for the host country; (2) have significant U.S. export potential; (3) be likely to be financed; and (4) have some foreign competitive element that is to be addressed by the USTDA funding of the study; and
- The project sponsor must be willing to allow U.S. companies to compete for contracts during project implementation.

3. Project Background and Description

3.1 General

Brazil has population of 196.34 million¹. It has a territory of 8,456,510 sq km and common borders with Argentina, Bolivia, Colombia, French Guiana, Guyana, Paraguay, Peru, Suriname, Uruguay, and Venezuela.

Rio de Janeiro, state in eastern Brazil, bordered on the east by the Atlantic Ocean, on the south by the state of São Paulo, and on the west and north by the states of Minas Gerais and Espírito Santo. Rio de Janeiro has a varied topography, with sharp contrasts between areas of coastal lowlands and rugged mountains.

¹ CIA World Factbook



Most of the state's economic activity involves industry and services tied to urban areas, especially to the city of Rio de Janeiro, which serves as the state capital. Among the most important are the iron and steel complex at Volta Redonda; textiles, electronics, and food processing in Rio; and oil refineries and shipbuilding in the Baixada Fluminense, the lowlands surrounding the city. Though relatively small and densely populated, Rio de Janeiro State is also an important agricultural producer. Its chief agricultural products include sugarcane, bananas, rice, and oranges; coffee farming is important in the Paraíba do Sul Valley. Tourism also contributes to the state's economy. Rio de Janeiro is Brazil's second leading port after Santos, and the site of an international airport. The state is crossed by major highways, and its rail system links major cities.

Besides Rio, other important cities in the state are Campo Grande, Campos, Duque de Caxias, Niterói, Nova Iguaçu, and Petrópolis. The state has several major federal, state, and private universities, mostly located in the city of Rio de Janeiro. The city of Rio de Janeiro served as the capital of Brazil until the 1950s, when the capital was moved inland to Brasília. Area, 43,909 sq km (16,953 sq mi); population 15,383,407 (2005 estimate).²

The Brazilian currency, the real (BRL), has an exchange rate of approximately 2.50 BRL per U.S. dollar.

3.2 Power Sector

Brazil's electricity generation is largely in federal and state hands. Over 40% of installed generation capacity is controlled by state-owned Eletrobras' subsidiaries, approximately 35% by state-owned energy companies, while the remaining 25% has been privatized. Brazil has 1,713 power projects in operation with an installed capacity of 101,255 MW as of July 2008. Hydroelectricity accounts for over 70% of the total capacity. Considering a yearly GDP growth of 5%, by 2017 Brazil's electricity consumption should increase from 412.6 TWh (2007) to 706.4 TWh, while the country's installed capacity is expected to reach 143,086 MW with an estimated investments in excess of US\$60 billion from 2008 to 2017.³

Brazil ranks 10th among the largest world power operators with an installed power capacity of over 101 GW, 88,939 km of power transmission lines, and

² <http://encarta.msn.com/encyclopedia>

³ U.S. Department of Commerce, Brazil: Electrical Power Generation, July 2008



about 60 million power consumers. Brazil's electrical power matrix is predominantly hydro, as it can be seen in the table below that shows the power plants in operation:

Exhibit 1(a) - Power Generation Mix

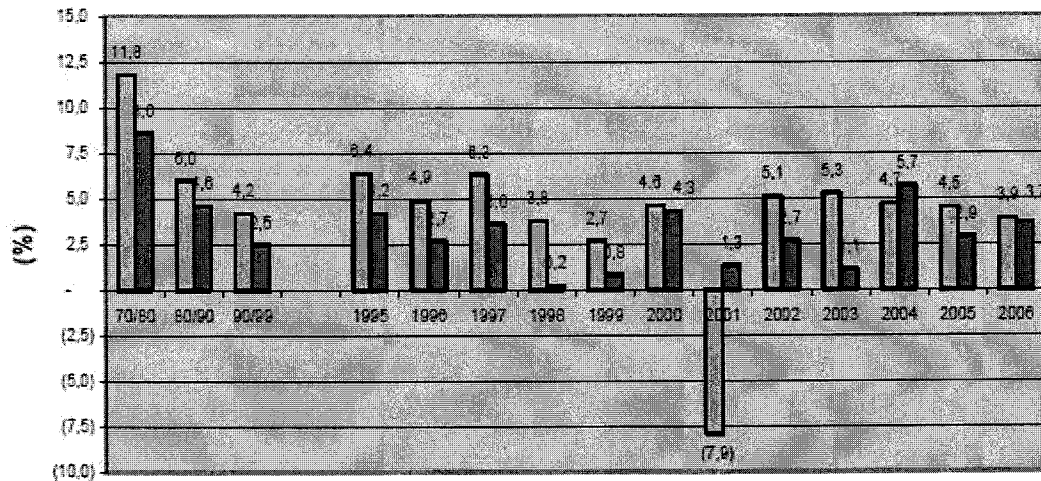
Type		Installed Capacity			Total		
		Qty of Plants	(kW)	%	Qty of Plants	(kW)	%
Hydro		682	77,265,166	70.61	682	77,265,166	70.61
Gas	Natural	83	10,216,482	9.34	112	11,397,510	10.42
	Processed	29	1,181,028	1.08			
Oil	Diesel Oil	580	3,296,602	3.01	600	4,572,296	4.18
	Residual Oil	20	1,275,694	1.17			
Biomass	sugar cane bagasse	247	3,159,663	2.89	293	4,310,597	3.94
	Black liquor	13	859,217	0.79			
	Wood	27	231,207	0.21			
	Biogas	3	41,590	0.04			
	Rice Rind	3	18,920	0.02			
Nuclear		2	2,007,000	1.83	2	2,007,000	1.83
Mineral Coal	Mineral Coal	8	1,455,104	1.33	8	1,455,104	1.33
Wind		16	247,050	0.23	16	247,050	0.23
Imports	Paraguay		5,650,000	5.46		8,170,000	7.47
	Argentina		2,250,000	2.17			
	Venezuela		200,000	0.19			
	Uruguay		70,000	0.07			
Total		1,713	109,424,723	100	1,713	109,424,723	100

Source: U.S. Department of Commerce, Brazil: Electrical Power Generation, July 2008

It should be noted that in general, the last 15 years, the electrical demand annual increase has outpaced the GDP increase by several per cent.



Exhibit 1(b) - Growth of Electricity Demand vs. Growth of GDP

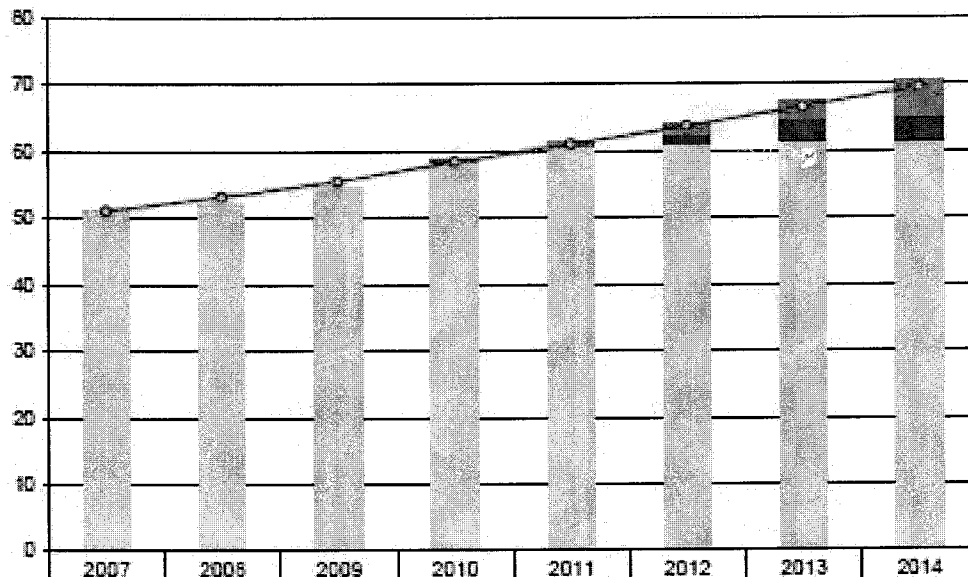


Legend: Blue - Electricity Demand; Red - GDP

Source: MPX Investment Memorandum, Dec 2007

Also, recent supply and demand balances show that Brazil will start experiencing deficit in energy as early as 2010-11 unless significant amount of energy is not contracted via new auctions.

Exhibit 1(c) - Brazil Electricity Supply and Demand Forecast



Legend: Red Line - Demand; Blue - existing supply, Beige - contracted via auctions from various; Blue - contracted via auctions from MPX; Green - deficit.

Source: MPX Investment Memorandum, Dec 2007



3.3 *Municipal Solid Waste and Renewable Projects*

Brazil has a total of 4,974 municipalities. Of these 3,611 or 72.6 percent of the municipalities have less than 20,000 inhabitants and have a total population of approximately 23 million. Twenty one of the largest municipalities, with population greater than 600,000 inhabitants, have a combined population of approximately 34 million. The average production of municipal solid waste in Brazil is approximately 0.5 kg per capita per day. In large cities such as São Paulo, however, the average municipal waste production per capita per day can be as high as 0.85 kg.⁴

A considerable amount of the municipal solid waste generated by the 4,974 municipalities is dumped illegally into scattered and unauthorized dump sites or water streams. The Instituto Brasileiro de Geografia e Estatística (IBGE) has estimated that approximately 76 percent of the total municipal waste generated in all of Brazil's municipalities is dumped in illegal dumping areas; 13 percent of the waste is delivered to controlled landfills; 10 percent is delivered to sanitary landfills; 0.9 percent is used for composting; and 0.1 percent is incinerated (primarily hospital waste).

The responsibility for the collection and disposal of all solid waste is at the municipality or city level. The municipalities are responsible for selecting landfill sites, arranging for the collection of all the waste (either themselves or through a private contractor), and disposal of the waste in environmentally sound ways. Also, the municipalities must ensure that the landfill sites are designed and operated in full compliance with the federal and local environmental laws and regulations with respect to the collection, monitoring, and disposal of all waste including hazardous and toxic waste, sewerage, and industrial waste. Many of the smaller municipalities, however, are unable to address the environmental problems caused by the municipal waste. This lack of effective municipal solid waste management is due to a number of factors including (i) a lack of specific waste management policy at the local level, (ii) budgetary constraints faced by many small and medium-sized municipalities, many of which do not have any collection fees or other revenue streams to justify the cost of solid waste management, (iii) a lack of availability of skilled and trained environmental and sanitary engineers and technicians, especially within small municipalities, (iv) a lack of appropriate monitoring, control, and treatment technologies, and (vi) absence of any programs for control, enforcement, and penalties for illegal dumping. The chemical composition of the municipal waste in the 21 largest

⁴ Characterization of Landfill Sites and the Potential for Landfill Gas Recovery from Landfill Sites in Brazil, CORE International.



municipalities is very similar. The analysis of the waste collected in São Paulo , the largest city in Brazil , producing approximately 9,000 tons of municipal waste per day, shows that the waste is approximately 60 percent organic in content.

In most of the major cities the process for the collection and management of the municipal solid waste is organized in one of the following ways: (i) the landfill is owned and operated by the municipality, (ii) the landfill is owned by the municipality but is operated by a private entity under contract with the municipality, or (iii) the landfill is owned and operated by the private sector. The most common pattern in Brazil appears to be the ownership of the landfill by the municipality and operation by a private contractor. There are only two landfill sites in Brazil that are wholly owned and operated by the private sector.

As a result of the MME's "Proinfa" Renewable Energy program, launched in 2004, investments in renewable energy are expected to reach US\$6.4 billion between 2005 and 2009. Note that only wind, biomass, and SHPPs were included in the Proinfa program. Proinfa's first phase provided incentives such as a 20-year power purchase contract with Eletrobrás, and below-market rates for financing from Brazil's national development bank (BNDES) for wind, biomass and small-scale hydroelectric projects. According to ANEEL, an average of 73.6% of the Proinfa projects are under construction. Of the projects that have not begun construction, 25 (17.4%) have already contracted an engineering procurement contractor (EPC), while eight have yet to contract their EPCs.

The Brazilian Government changed the Proinfa format for its second phase. Renewable energy projects have been part of specific power auctions, the last one of which was held in June 2007. Additionally, a new ANEEL resolution, in effect since January 2008, allows consumers with a power demand of 500KW or higher to buy power from renewable sources in the non-regulated market. Incentives for these consumers include 50% discount in the power distribution tariff. This measure may expand the demand for renewable power plants.

3.4 Proposed Project

The USTDA was approached by MPX, one of the largest Brazilian power developers to review the 30 MW waste to energy project (WTE) it intends to develop in cooperation with Comlurb (Companhia Municipal de Limpeza Urbana - a public company responsible for the waste management of the city of Rio de Janeiro). The project is expected to utilize about 1,000 tons per day (TPD) of municipal solid waste and generate about 225 gigawatt hours (GWh) of electricity per year).



Comlurb would like to make a concession of a recycling Plant located in the same place where they have a transshipment station for municipal solid waste. In this site there is enough place to construct a Waste to Energy plant using the garbage from the recycling plant. Concession will be for a term of at least 20 years. Comlurb will need to go through a public process to develop this opportunity. The recycling plant currently handles 300 tons of waste per day, and may be expanded to handle 600-900 tons of waste per day. Comlurb is one of the largest sanitation companies in Latin America and its majority shareholder is the City of Rio de Janeiro.

MPX Energia S.A. (<http://www.mpx.com.br/ing/index.htm>), an EBX Group company focused on the energy sector, with a generation portfolio that is both diversified - with coal thermoelectric plants in addition to natural gas projects - and connected to renewable sources, and with a differentiated concept in the Brazilian energy sector, that combines fuel supply activities, energy generation and sale.

Comlurb is a public company (99% share belonging to Rio de Janeiro Municipality) in charge of 8779 tpd (2007 average) household collection and public cleansing of Rio de Janeiro City, including transfer, treatment and final disposal operations. Exhibit 2 provides general description of waste composition. Comlurb has the following garbage sites (all garbage data is a 2007 average):

Transfer stations:

- Caju (operation since 2003): 2,812 tpd;
- Jacarepaguá (operation since 2003): 770 tpd;
- Irajá (operation since 1977, also a recycling plant): 430 tpd.

Recycling and composting plant:

- Caju (operation since 1992): 300 tpd (same place as the transfer station).

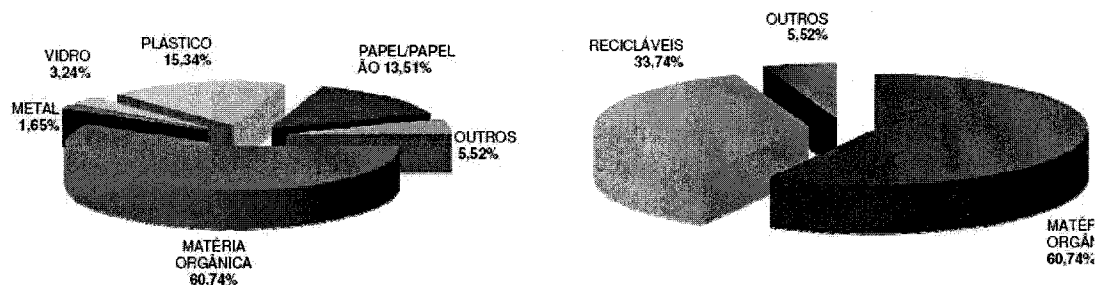
Landfills

- Gramacho (operation since 1978): 6,256 tpd (from Rio, but also receives garbage from other municipalities: 1,404 tpd);
- Gericinó: 2,523 tpd (operation since 1986).

Comlurb's annual budget is about \$300 million. The Executive Board is composed by seven directors: President, Financial, Human Resources, South Operations, West Operations, Technical and Industrial and Legal Directors. Comlurb also has a Management Board composed of 10 members.



Exhibit 2 – Waste Composition for Rio



Source: Comlurb

3.5 Regulatory Environment

A new electrical power model was created on March 15, 2004 (Law # 10848). On December 7, 2004, the MME held the first power generation auction under the new guidelines. The MME increased the amount of power that distribution companies have to buy under contract to 100% of anticipated demand up from 95%, and instead of buying power through bilaterally-negotiated contracts for varying lengths of time, they now have to buy in government-organized auctions for set periods of eight years. They also can no longer generate up to 30% of their own power needs, as the previous regulations allowed them to do. All distributors in Brazil have to participate in the auctions, buying power from generators as a collective pool rather than as individual organizations, so that they end up purchasing the same product at the same price for the same period as all other distributors. Pricing risk thus disappears, and the only way in which a distributor may eventually pay more or less than another distributor is if calculations for future power requirements prove inaccurate. Remaining deficits, as well as surpluses, are traded in one-month contracts in the power trading chamber (CCEE).

The Brazilian Power Regulator ANEEL held two power generation auctions in 2006 and four in 2007. Adding to the December 2005 auction, a total of 13,477 MW of power have been contracted for delivery from 2008 to 2012. The average price in the October 2007 auction was 129 reais/MWh (US\$64.50) for hydropower, while thermal's average was 128 reais/MWh (US\$64.00). The winning Madeira Energy Consortium of the December 2007 Santo Antônio hydropower auction offered to sell power for 78.87 reais/MWh (US\$44.60). The Santo Antonio project alone will call for investments of about US\$4.5 billion. This 3,150 MW project was the first phase of the Madeira River Complex auction.



On May 19, 2008, ANEEL auctioned the second phase of the Madeira River Complex (e.g the 3,300 MW Jirau hydro plant). Consórcio Energia Sustentável do Brasil (CESB) was the winner. CESB is formed by Suez Energy South America Participações Ltda. (50.1%); Camargo Correa Investimentos em Infra-Estrutura S/A (9.9%); Eletrosul Centrais Elétricas S/A (20%), and Companhia Hidro Elétrica do Sao Francisco-Chesf (20%). The final price offered was R\$ 71.37 (US\$ 44.60) per MWh, 21.5% less than the initial ceiling price of R\$ 91/ MWh (US\$ 56.87). Construction of facilities should be concluded from 34 to 48 months from the signature of 30-year contracts. According to EPE, total investments for the Jirau project are close to US\$ 5.1 Billion.

ANEEL organized a biomass power auction on August 14, 2008, which resulted in 2,379.40 MW contracted for delivery in 2009 and 2010. This auction was referred to as "reserve" power. A total of 31 biomass (sugar bagasse) power plants negotiated the power at an average rate of R\$ 58.84 MW/h (approximately US\$ 28).

In the fourth power auction (A-4), held on July 27, 2007, a total of 1,304 MW of energy was contracted and all 12 power plants were new ventures to be fired with fuel oil.

Brazil's October 16th power auction (A-5) for delivery in 2012 sold 110% of the country's energy demand for that year, federal energy planning company EPE said in a statement. Power sold in the auction reached 51.2bn reais (US\$28.3bn), Brazil's trading board said in a statement. Traded volume was 4.35GW of total installed capacity and 2.31 average GW, EPE said.

The average price in the auction was 128 reais/MWh. The average for hydro was 129 reais/MWh, above the 126 reais/MWh initial price, while thermal average was 128 reais/MWh, below the 140 reais/MWh initial price, CCEE said. Hydro and thermal projects sold in 30 and 15-year contracts, respectively.

The 855MW Foz do Chapecó and 1,057MW Estreito hydro plants sold 259 and 256 average MW in the auction, respectively. Hydro projects sold 715MW average in the auction.

Thermal plants sold 1.60 GW in the auction. Highlights were the 720MW MPX plant in Ceará state and the 775MW Santa Cruz thermal power project, selling 615 and 351 average MW in the auction respectively.⁵

⁵ IMI: Fifth Power Auction sells 110% of domestic demand for 2012 – Brazil, October 16, 2007



4. Development Impact

According to Comlurb, new landfills are increasingly difficult to site, permit, and operate in metropolitan areas to support regional and national growth. The new Rio landfill has been discussed for over 15 years now without any significant resolution up-to-date. While the proposed 30 MW plant will not resolve difficult situation with garbage disposal, it will delay the need for a new landfill and may serve as a pilot solution example for other additional and larger plants in the future.

MPX, on the other hand is willing to take on such project to support its efforts to develop a balanced gas/coal/renewable portfolio. So far, most of the development efforts were in less than environmentally friendly gas and coal projects. Company is looking for ways of expanding its generation portfolio without significantly increasing its environmental emissions footprint. Eliminating some of the waste landfill emissions and trading them with the WTE facility is a project of high visibility and publicity for MPX. Unofficially, MPX made a commitment of devoting up to 4% of its new generation to renewable sources. MPX plans to fill that with wind and WTE projects.

Also, according to USTDA criteria, project's potential development impact includes:

(a) Infrastructure: The project, if implemented, would be a positive contributor to the country's development objectives. The project is expected to add generating capacity of 30 MW and to provide power to roughly 30,000 - 45,000 households.

(b) Market-Oriented Reform: While garbage collection and utilization laws exist, the proposed project will provide another environmentally responsible option for waste reduction in Brazil. If successful, the project can be replicated throughout Brazil and even become a law in the future mandating permanent waste utilization instead of landfill storage.

(c) Human Capacity Building: The project has a potential of creating as much as 100 part-time construction and technical jobs for 1-2 years. When the facility is finished, it will require a full-time staff of about 20 workers, including operators, technicians, and other workers. In addition, the full-time staff will require equipment training on and off-site.



(d) Technology Transfer and Productivity Enhancement: While the technology for this WTE plant is not yet selected, it will be most likely new and innovative as compared to other existing power facilities that use traditional fuel sources.

(e) Other: The proposed project will reduce the CO2 emissions from the landfill by 300,000 tons/year by displacing methane and other greenhouse gases release.

5. Project Sponsor's Commitment

Project is being developed by Comlurb/MPX partnership. MPX is a lead developer, responsible for all major tasks of the project.

MPX Energia is expected to have more than 2.6GW of capacity online by 2012. MPX is a publicly traded Brazilian power company, which raised \$1.08 billion in December 2007 through an initial public offering on the Sao Paulo stock exchange. MPX's power capacity will come from the Porto do Pecém and Porto de Itaqui thermo plants, which are due to start operations in 2011.

Porto de Itaqui is a 720MW, US\$875mn coal-fired project in Brazil's Maranhão state. The Pecém thermo plant in Ceará state will have 720MW installed capacity by 2011. MPX and power holding partner EDB will invest US\$1.2bn in the first phase. Recently, MPX has secured the preliminary license for the additional 360MW planned for the second phase of Pecém. EDB and MPX are studying plans to partner on the Porto do Pecém's thermal power plant expansion as well.

Meanwhile, MPX is seeking partners for Porto do Açu power plants, whose preliminary environmental licenses are underway. MPX has secured US\$500mn in commitments each from banks Santander and Unibanco and bridge loan contracts totaling US\$200mn. Porto do Açu, in Rio de Janeiro state, will start operations in July 2012.

Based on CG's investigations, we believe that the sponsors and potential stakeholders are fully committed and qualified to implement the project. MPX has arranged a series of meetings for CG to discuss the proposed project. Meetings included discussions with environmental authorities, regulator, finance organizations and other potential stakeholders. All of the parties were aware of the proposed project and generally supported the initiative.



6. Implementation Financing

MPX has extensive experience in raising capital for the implementation of its power projects. Typical project funding for MPX includes a long-term loan from a bank and sale of the project into a power auction that guarantees the revenue stream. MPX past examples of such transactions include:

- The Porto do Pecém I TPP will be a 720 MW coal-fired plant, a 50/50 partnership between MPX and Energias do Brasil. The plant sold 615 average MW in the A-5 auction held in October, thus ensuring fixed revenues for a 15-year period, starting in 2012, of R\$ 443 million. The PPA foresees a full pass-through of fuel costs to energy prices, including the impact of changes in the exchange rate. The plant has been granted an installation license and will use the Pecém Port, which is already operating, to receive coal. In October 2007 and January 2008 the Porto do Pecém TPP first phase had been found eligible by BNDES and IDB for long-term financing in the project finance mode.
- The Porto do Itaqui TPP, a project fully owned by MPX, will be a 360 MW coal-fired plant. The plan sold 315 average MW in the A-5 energy auction held in October 2007, thus ensuring annual fixed revenues, for a 15-year period starting in January 2012, of R\$ 234 million. The plant will use the Itaqui Port, already in operation, to receive coal. The due diligence process of the project conducted by BNDES and IDB for the granting of long-term financing is in its final stage.

The Brazilian Development Bank (BNDES) is a federal public company associated with the Ministry of Development, Industry and Foreign Trade. Its goal is to provide long-term financing for endeavors that contribute to the country's development. BNDES also seeks to strengthen the capital structure of private companies, the development of capital markets, the trading of machines and equipment and the financing of exports.

Since its establishment, on June 20th, 1952, BNDES has financed large-scale industrial and infrastructure endeavors, and has played a significant role in the support of investments in agriculture, commerce and the service industry, as well as in small and medium-sized private businesses.

BNDES considers it fundamentally important, in the execution of its credit policy, to take into account ethical and environmental principles. As such, BNDES is firmly committed to the principles of sustainable development.



The financial support lines and programs offered by BNDES serve the investment needs of companies of any size and sector that have been set up in the country. The partnership with financial institutions with agencies established around the country facilitates the dissemination of credit, enabling greater access to BNDES's resources.

Discussions with BNDES showed their genuine interest in working with MPX on the proposed project development. MPX plans to fund the project with 70%/30% debt/equity structure, which is consistent with BNDES expectation for this type of the project. BNDES has local content clause in its funding. 60% of equipment for a funded project should be of Brazil origin. In case when this is not possible (for example for nay major power project), MPX must show to BNDES that such equipment is not manufactured in Brazil. Current interest rates for power projects range between 6.25-9.00% depending on the risk classification of the project. Loan terms are typically 15 years. Environmentally conscientious projects may enjoy interest rate discounts.

BNDES requires any project to go through a very thorough due diligence phase before any details of funding are discussed. The key to a successful due diligence is the economic of the proposed project. MPX performed a high-level economic analysis under a number of scenarios. CG concurs with this high-level analysis. It seems that the project has positive IRR and NPV under most of the sensitivities. The analysis does not take into account environmental externalities and additional benefits of waste disposal, while accounting for all major costs. Exhibit 3 below provides the details of project preliminary economics.

Exhibit 3 – Project Preliminary Economics

Capex: 2.500 USD/kW*

Tariff (Reais)	IRR	NPV (8%) (Million)	NPV (10%) (Million)
150,00	12%	12	5
160,00	15%	20	12
170,00	19%	33	23
180,00	22%	45	34
200,00	28%	69	53

*Exchange rate: 1Real = 2,00 USD



Capex: 3.000 USD/kW*

Tariff (Reais)	IRR	NPV (8%) (Million)	NPV (10%) (Million)
150,00	2%	-20	-23
160,00	7%	-4	-9
170,00	11%	12	4
180,00	14%	19	11
200,00	20%	45	33

*Exchange rate: 1Real = 2,00 USD

While other sources of funding are possible (such as private banks, Inter-American Development Bank, U.S. Ex-Im Bank, IFC, and others), MPX expressed strong support for using BNDES funding mechanisms. Reasons cited included fast turnaround, existing due diligence efforts, and low cost of capital.

7. U.S. Export Potential

The 2008 estimate for Brazil's power equipment market is US\$8.08 billion of which US\$626 million is imported globally with US\$ 89.4 million coming from the United States. These figures are based on the Brazilian Electrical and Electronics Industry Association (ABINEE)'s statistics. Other power related trade associations do not release their local industry's production figures. Likewise, the power companies' associations do not publish their members' consolidated equipment imports. Hence, the market sizes noted below are likely underestimated due to the lack of sufficient data.

The 2008-2017 Power Expansion Plan, recently published by government owned Brazil's Power Research Company (EPE), calls for US\$65 billion investment during this period to bring an additional 34,620 MW to Brazil's power generation capacity resulting from 182 plants currently under construction and another 354 which ANEEL is in the process of authorizing. The federal holding Eletrobras estimates having invested US\$3 billion in 2007, half of which funded power generation projects sponsored by its subsidiaries.



The plants under construction or authorized in Brazil include small hydropower (those up to 30 MW), medium and large size hydropower, thermal (gas, coal, biomass), and wind power plants. The third Brazilian nuclear power plant (Angra 3) is also expected to be built soon. Additionally, the Brazilian Ministry of Mines and Energy (MME) released the 2030 National Energy Plan, which calls for the construction of about 5,000 MW of nuclear power through that period.

U.S. investment in Brazil's energy sector is concentrated in power distribution and generation as a result of the Brazil's privatization process that began in 1996. U.S. companies such as El Paso, Duke and AES compete with Spanish (Iberdrola), French (EDF), Portuguese (EDP), and Belgium (Suez Energy) companies. The strongest competition for U.S. power equipment suppliers are locally established multinationals (mostly European and Japanese).

The 2007 Brazilian foreign trade statistics Exhibit 4 below, published by the Foreign Trade Office of Bank of Brazil (SECEX), shows the United States was Brazil's main supplier in the subsectors listed below. Brazil does not have a Free Trade Agreement (FTA) with the United States; thus, U.S. equipment suppliers are subject to regular import duties into Brazil. The import duty (ID) for electrical power equipment may vary from 0-18%.

Exhibit 4 - 2007 Brazil Power Equipment Demand and Share of U.S. Exports

	2007 Total Demand, \$M	U.S. Market Share, %	2007 U.S. Exports, \$M
Steam Boilers/Heat recovery steam	142.5	4%	5.7
Generation Sets, elec. and diesel	25.7	61%	15.7
Heat exchangers	75.8	6%	4.5
Steam/Vapor Turbines& Part there of	21.2	15%	3.2
Gas Turbines other than Turbojets or Turbo	63.0	79%	49.8
Parts of Gas Turbines other than Turbojets	67.6	59%	39.9
Condensers/Heat Exchanger	116.4	88%	102.4
Heat Exchange Units	82.4	23%	19.0
Intake Air Filters	25.5	37%	9.4
Electric Motors and Generators	388.5	23%	89.4
Transformers	636.4	12%	76.4
Automatic circuit breakers	52.4	11%	5.8
Electrical Controls: boards, switches	203.8	21%	42.8
Total	1,901.2	24%	463.9

Source: U.S. Department of Commerce, Brazil: Electrical Power Generation, July 2008. Please note that the products listed in this table may include other industrial segments in Brazil.

Exhibit 5 provides high-level estimate of U.S. exports for the proposed project. While the proposed feasibility study would select the most appropriate technology for the project implementation, CG has assumed circulating fluidized



bed (CFB) unit for the project. U.S. manufacturers will be more competitive on this type of technology. Conventional boilers/incinerators may use majority of parts produced in Brazil, China and India. With that technology, overall project cost w/o funding and contingency is estimated at about \$90 million, with U.S. exports estimated at 35-60% of the total cost.

Exhibit 5 – Project Budget Estimate and Share of U.S. Exports (\$ millions)

Major Equipment/Services	Approximate Total Cost	U.S. Exports (U.S. Competitiveness)	
		Low Probability	High Probability
Power Island ~ 30 MW	84.0	25.2	50.4
- Steam Turbine ~ 5 MW	21.0	(Poor) -	(Good) 10.5
- Fluidized Boiler and Back-end Environmental Controls	33.6	(Good) 16.8	(Good) 16.8
- Fuel Pre-Treatment	12.6	(Poor) -	(Good) 6.3
- Auxiliaries (incl. Instrumentation and Controls and Electrical)	16.8	(Good) 8.4	(Excellent) 16.8
Engineering and Design	4.2	(Excellent) 4.2	(Excellent) 4.2
Total Value (w/o Contingency) ~30 MW	88.2	29.4	54.6

Source: CG Estimate

No detailed cost estimate exists for the project. A number of U.S. firms having suitable credentials would likely be interested in the proposed project. U.S. equipment suppliers can potentially include:

Steam Turbines:

- Elliott Group;
- General Electric; and
- Siemens-Westinghouse.

Boilers/Incinerators:

- AE&E Von Roll;
- Indeck Boilers;
- Foster Wheeler; and
- Babcock & Wilcox.

Electrical, Controls and Auxiliary Equipment:



- Eaton Electrical (Cutler-Hammer);
- Siemens-Westinghouse;
- Square D Co. (Schneider Electric);
- Encorp Inc.;
- Cooper Power Systems;
- Automated Control Systems;
- GE Energy, GE Industrial, and GE Power Systems;
- Honeywell;
- Motorola;
- Hammond Power Solutions; and
- Kohler Power Systems.

Environmental Controls:

- Babcock & Wilcox;
- Babcock Power Environmental, Inc.;
- Wheelabrator Air Pollution; and
- McGill AirClean LLC.

In addition to equipment suppliers, U.S. engineering companies may be interested in EPC or task design contracts. Services suppliers potentially include:

- Black and Veatch;
- MWH Global;
- Shaw Group (former Stone and Webster);
- Burns and Roe Enterprises, Inc.;
- Sargent and Lundy;
- URS Corporation (former Washington Group); and
- PB Power.

MPX is familiar with international procurement for its first project, The Porto do Pecém I TPP, via EPC contract signed with Mabe Construção e Administração de Projetos Ltda., a partnership between the companies Maire Tecnimont and EFACEC. Turbines will be supplied by Siemens (Germany) and boilers by Doosan Babcock (South Korea).

At the same time, MPX has procured from U.S. sources before as well. Following Exhibit 6 provides details of such procurement.



Exhibit 6 – Examples of MPX Procurement from the U.S.

Engineering and equipments	Companies/ Manufactures	MPX Project	Amount, \$K
Engineering	Black & Veatch	Thermopower Itaquí and Pecém	\$58
Engineering	Sargent Lundy	Thermopower Itaquí and Pecém	\$357
Equipment: subcomponent of desulphurization	Komline Sanderson	Thermopower Itaquí and Pecém	\$5,400
Consultant	Energy Edge International	Thermopower Itaquí and Pecém	\$24
Consultant	Sherman & Sterling	Thermopower Itaquí and Pecém	\$85

Source: MPX

It is important to highlight that MPX power projects are in the initial planning/implementation stages and not all equipment or services are specified/contracted yet.

It should also be noted that Brazil manufactures some power equipment inside the country by either JVs or license transfers. Based on the brief examination, following types of products seem to be available in Brazil via local manufacturing capabilities (Exhibit 7).

Exhibit 7 – Power Equipment Produced in Brazil

Equipment Type	Produced in Brazil	Manufactures
Boilers	Yes – Tubes, low pressure boiler components	Confab Dedini
Steam turbines	Yes – small industrial applications	No info found
Pumps	Yes	Sulzer, KSB, Flowserve
Heat exchangers	Yes	Jaraguá, Confab
Environmental equipments (SCR, FGD, Backhouse)	Yes	Enfil, Alstom

Source: Various publications, MPX, U.S. Consulate Rio de Janeiro

8. Foreign Competition



In general, U.S. manufacturers and suppliers would be considered to be quite competitive in the design, manufacturing, and implementation of the proposed project. However, geographical location and host-country historical ties with other nations may result in serious competition by foreign firms to U.S. companies supplying equipment/services to Brazil.

Exhibit 8 lists major foreign competitors in the Brazilian energy market.

Exhibit 8 - Major Equipment Foreign Manufacturers

EQUIPMENT	COMPANIES
Incinerators, Boilers and HRSGs	CNIM, France; CMI, Belgium; Kawasaki, Japan; NEM, Netherlands; Standard Fasel-Lentjes, Netherlands; Doosan Babcock, S. Korea.
Generators	Ansaldo Energia, Italy; Jenbacher AG, Austria; MAN-B&W, Germany; Mitsubishi, Japan; Nigata, Japan; Rolls Royce, UK; Wartsila, Finland; Volvo, Sweden
Gas Turbine Generators	Alstom Power, UK; Centrax GT, UK; Hitachi, Japan; Kawasaki, Japan, JGT, Japan, Mitsubishi, Japan; MTU-Friedrichshafen, Germany; Rolls Royce, UK; Sulzer, Switzerland; Turbomeca, France; Volvo, Sweden
Steam Turbine Generators	Alstom, Switzerland; Dresser-Rand, Norway; Kawasaki, Japan; Mannesmann Demag, Germany; Voest-Alpine, Austria; Siemens, Germany.
Control Systems	Axsia Howmar, UK; Amot Controls, UK; ABB, Germany; Fortum Engineering, Finland; Siemens, Germany; Yokogawa, Japan
Engineering Services	TEPSCO, Japan; Fichtner, Germany; Lahmeyer International, Germany; Mott Connell, UK; PB, Singapore; SNC, Canada.

9. Environmental Impact

The proposed WTE plant will use solid municipal waste, which would otherwise go in as landfill. The significant potential problems that arise due to the landfill are (1) contamination of ground water which in turn can create health hazards for the people, (2) generation of methane gas during of MSW decomposition which, if uncollected, is a potent greenhouse gas, (3) the use of relatively large areas of land which could otherwise be used for habitation, cultivation or growing trees and, (4) the unsavory aesthetics of the decomposing garbage and the general health hazards from dust dispersal that it can create. All these problems would be adequately addressed by the installation of a WTE plant.

However, the WTE plant, while categorized, as a renewable source of energy and environment friendly does need varying environmental control measures depending on the type of MSW being considered. NO_x, sulphur dioxide, carbon dioxide, trace amounts of heavy metals, and possibly some toxic derivatives from organic compounds are produced in the process of burning MSW but these can



be controlled by the commercially available technologies today. Likewise the water discharges (chemical and heat) as in the case of conventional plants can readily be controlled with available technologies.

The project should also qualify as a Clean Development Mechanism (CDM) project under the Kyoto Protocol. The proposed project will reduce emissions from the landfill by 300,000 tons/year by displacing methane and other greenhouse gases release.

The proposed Terms of Reference for the project feasibility study includes the requirement for preliminary Environmental Impact Assessment (EIA).

10. Impact on U.S. Labor

There is no reason for concern regarding the possibility of negative impacts on U.S. employment due to this project. The project would generate electricity and not products that could be imported into the U.S. On the other hand, positive impacts will result in the event U.S. exporters succeed in obtaining contracts for equipment and services when the project goes forward and even serve as catalyst for further projects in the region.

No adverse impact is expected from the execution of the proposed project. Its significant export potential would assure the bulk of the production of major goods in the U.S. and their export to the host country. No significant permanent new job creation impacting U.S. jobs is expected outside the U.S.

11. Qualifications

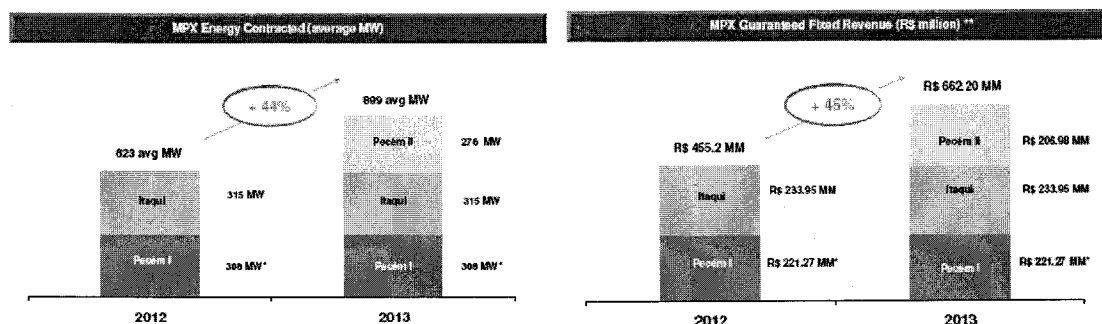
Owner

MPX Energia S.A., an EBX Group company focused on the energy sector, with a generation portfolio that is both diversified - with coal thermoelectric plants in addition to natural gas projects - and connected to renewable sources, and with a differentiated concept in the Brazilian energy sector, that combines fuel supply activities, energy generation and sale.

Exhibit 9 provides the details of already secured PPAs for three of the projects the company develops. Signed PPA provides the guarantee of cash flow to the company that supports the debt obligations and development priorities.



Exhibit 9 - Details of Signed PPAs



Source: MPX 3rd Quarter Earnings Release, Nov 2008

In addition to power projects, MPX is involved in coal mines exploration and power marketing services. Exhibits 10 and 11 present simplified balance sheet for the company and income statement. Overall assessment indicates that the company has substantial reserves (from recent IPO) that it intends to utilize for power projects.

Exhibit 10 - MPX Balance Sheet

Account <i>R\$ millions</i>	Parent company		Consolidated	
	Sept/2008	Jun/2008	Sept/2008	Jun/2008
Current Assets	1,741.5	1,735.8	1,876.1	2,097.5
Non-current Assets	38.4	117.5	76.2	3.2
Fixed Assets	316.3	192.0	952.0	645.0
Total assets	2,096.2	2,045.3	2,904.2	2,745.7
Current Liabilities	48.0	36.9	692.0	540.6
Non-current Liabilities	27.9	16.2	154.8	183.1
Minority Interests	-	-	37.1	29.8
Shareholders' Equity	2,020.4	1,992.1	2,020.4	1,992.1
Total Liabilities	2,096.2	2,045.3	2,904.2	2,745.7

Source: MPX 3rd Quarter Earnings Release, Nov 2008



Exhibit 11 - MPX Income Statement

Account R\$ millions	Parent company			Consolidated		
	3Q08	2Q08	3Q07	3Q08	2Q08	3Q07
Operational expenditure	(12.5)	(3.4)	(3.3)	(12.5)	(3.4)	(3.3)
Net Financial Profit	56.4	49.6	0.03	56.4	49.6	0.03
Financial Income	59.7	50.4	0.05	59.8	50.5	0.05
Financial Expenditure	(3.3)	(0.8)	(0.02)	(3.3)	(0.9)	(0.02)
Operational Result	43.9	46.1	(3.2)	43.9	46.2	(3.2)
Non-Operational Result	(4.4)	(7.7)	-	(4.4)	(7.7)	-
Result in Account Period	28.3	29.3	(3.2)	28.3	29.3	(3.2)

Source: MPX 3rd Quarter Earnings Release, Nov 2008

U.S. Contractor Selection Criteria

In the event that USTDA provides grant funds for technical assistance, the selection of a contractor to perform the Feasibility Study should be based on competitive bidding. The proposed selection criteria to be used in ranking the bids received from the qualified bidders is as follows:

Professional Experience (40%) - Each bidder shall propose a project team that will be fully qualified to execute the entire scope of work of the study. The proposed staff should have qualifications and experience in engineering, design, technical analysis, operations planning and modeling, environmental assessments, as well as in depth technical knowledge of waste to energy technologies, substations and electrical systems for WTE plant connection to the grid, and appropriate software and hardware for the various operational tasks. Experience with utility or independent power producer clients would be beneficial. Qualified bidder will be expected to provide evidence of satisfactorily executing at least five (5) similar projects, with one project currently on-going or completed in last 2 years. The reference projects (except for current or recently completed) should have similar or larger size and complexity as the proposed one.

International Experience (30%) - Each bidder shall exhibit international experience and capability to perform similar international feasibility studies. Qualified bidder will be expected to provide evidence of satisfactorily executing at least three (3) international projects in the last 5 years. Reference international project should have similar or larger size and complexity as the proposed one



and should concentrate on either waste-to-energy or coal utilization projects (conventional, CFB, gasification).

Proposed Work Plan (30%) - Each bidder shall demonstrate understanding of all the project tasks. Proposal efforts should be responsive to the requirements outlined in the Scope of Work. The proposed Work Plan should be detailed, realistic, and manageable. Clear objectives should be achieved at the end of each and all tasks.

12. Justification

The proposed WTE plant is a good example of a project for disposing MSW and at the same time delivering much need power in an environmentally friendly manner. This would be the first project of its kind in Brazil. The city of Rio de Janeiro is presently incurring in large costs to dispose the solid waste. The proposed project would in fact become an asset to the city and possibly even provide a positive cash flow to the city.

The project, if successful, would create a significant impact on the country in general and the city of Rio de Janeiro in particular. By the example of an efficient WTE pilot plant, it would provide an impetus to set up WTE plants across the country.

The project undoubtedly will become a high profile undertaking and would provide the U.S. consultant high visibility and considerable good will to the U.S. government. It would have the potential of creating a favorable environment for downstream opportunities to U.S. firms for implementation of such projects in the future - not only in Brazil but in neighboring countries as well.

As indicated earlier, even though the WTE project concept has been accorded high priority, it has not been able to take off apparently because of investor reluctance concerning the technology and due to lack of awareness plus adequate information (i.e. from an operating plant) to spark their interest. The feasibility study would provide not only the needed push but offer a powerful vehicle to the U.S. firms to make a market entry in this important market segment and the rapidly evolving field of WTE applications.

USTDA's support would therefore provide an important impetus to the application of the technology in South America and launch Brazil into the WTE arena, in which U.S. has a technological lead.



contact for each of the suppliers. The Final Report shall also include proposed methods of financing the Project.

14. Conditions of the Work Effort

During the course of the Study, the Contractor shall work closely with the staff and management of the Grantee, who shall cooperate fully in the timely completion of all Study tasks. The Grantee shall also provide the services of its technical staff, at no charge, as needed to complete the Study. The Grantee shall arrange for the prompt and complete submittal of all technical data necessary and appropriate for carrying out the Study. The Grantee shall also arrange for translation into English of all relevant Project data. The Contractor shall be responsible for preparing all reports and other documents resulting from the Study in English.

Notes:

- (1) The Contractor is responsible for compliance with U.S. export licensing requirements, if applicable, in the performance of the Terms of Reference.
- (2) The Contractor and the Grantee shall be careful to ensure that the public version of the Final Report contains no security or confidential information.
- (3) The Grantee and USTDA shall have a worldwide, royalty-free, non-exclusive right to use and distribute the Final Report and all work product that is developed under these Terms of Reference.

15. Proposed Feasibility Study Schedule and Budget

The proposed project implementation schedule is presented in Exhibit 12 below. The duration of the total effort is estimated at 8 months with most tasks being accomplished sequentially. With respect to deliverables, Bidding Tender Documents will need to be prepared by the end of Month 8. Final Report issuance is expected 2 weeks later.



Exhibit 12 - Project Schedule

TASKS	Duration (days)	Months								
		1	2	3	4	5	6	7	8	9
Task 1: Assessment of MSW Supply and Efficient WTE Disposal Options	20	■								
Task 2: Evaluation of Proposed Options via Least Cost Analysis	20		■							
Task 3: Detailed Cost and Implementation Schedule Estimates	25			■						
Task 4: Economic Evaluation of the Selected Alternative	18				■					
Task 5: Environmental and Social/Economic Impact Assessment	25					■				
Task 6: Legal, Regulatory, and Institutional Review	10						■			
Task 7: Financing Options Review	10							■		
Task 8: Tender Documents Preparation	25							■		
Task 9: Draft Final and Final Reports Preparation and Presentation	20								■	

The recommended feasibility study budget is provided below in Exhibit 13. A detailed break down by task and discipline is provided for labor. Average U.S. rates for the industry were used. The budget also breaks down other necessary expenses, such as travel, miscellaneous, insurance, fee, etc. The total budget for this project is estimated to be \$405,860.



Exhibit 13 – Feasibility Study Budget

DIRECT LABOR COSTS:

TOR Task	TOR Task Name	Contractor Labor			
		Total Person Days	x Daily Rate*	=	TOTAL COST
1.	Assessment of MSW Supply and Efficient WTE Disposal Options	Project Manager	5 \$ 1,144.00	\$	5,720.00
		Finance/Econ. Specialist(s)	6 \$ 1,144.00	\$	6,864.00
		Mechanical Engineer(s)	8 \$ 968.00	\$	7,744.00
		Electrical Engineer(s)	5 \$ 968.00	\$	4,840.00
		Environmental Specialist(s)	6 \$ 1,144.00	\$	6,864.00
		TOTALS	30		\$ 32,032.00
2.	Evaluation of Proposed Options via Least Cost Analysis	Project Manager	5 \$ 1,144.00	\$	5,720.00
		Finance/Econ. Specialist(s)	8 \$ 1,144.00	\$	9,152.00
		Modeling Specialist(s)	10 \$ 968.00	\$	9,680.00
		Mechanical Engineer(s)	7 \$ 968.00	\$	6,776.00
		Electrical Engineer(s)	5 \$ 968.00	\$	4,840.00
		Cost Estimator	5 \$ 800.00	\$	4,000.00
		TOTALS	40		\$ 40,168.00
3.	Detailed Cost and Implementation Schedule Estimates	Project Manager	5 \$ 1,144.00	\$	5,720.00
		Finance/Econ. Specialist(s)	2 \$ 1,144.00	\$	2,288.00
		Civil Specialist(s)	5 \$ 968.00	\$	4,840.00
		Mechanical Engineer(s)	5 \$ 968.00	\$	4,840.00
		Electrical Engineer(s)	5 \$ 968.00	\$	4,840.00
		I&C Engineer(s)	5 \$ 968.00	\$	4,840.00
		Cost Estimator	8 \$ 800.00	\$	6,400.00
		TOTALS	35		\$ 33,768.00
4.	Economic Evaluation of the Selected Alternative	Project Manager	5 \$ 1,144.00	\$	5,720.00
		Finance/Econ. Specialist(s)	12 \$ 1,144.00	\$	13,728.00
		TOTALS	17		\$ 19,448.00
5.	Environmental and Social/Economic Impact Assessment	Project Manager	4 \$ 1,144.00	\$	4,576.00
		Finance/Econ. Specialist(s)	5 \$ 1,144.00	\$	5,720.00
		Environmental Specialist(s)	10 \$ 1,144.00	\$	11,440.00
		Cost Estimator	3 \$ 800.00	\$	2,400.00
		TOTALS	22		\$ 24,136.00
6.	Legal, Regulatory, and Institutional Review	Project Manager	5 \$ 1,144.00	\$	5,720.00
		Legal Advisor(s)	8 \$ 1,280.00	\$	10,240.00
		Institutional Specialist(s)	7 \$ 1,120.00	\$	7,840.00
		TOTALS	20		\$ 23,800.00
7.	Financing Options Review	Project Manager	5 \$ 1,144.00	\$	5,720.00
		Finance/Econ. Specialist(s)	8 \$ 1,144.00	\$	9,152.00
		Modeling Specialist(s)	5 \$ 968.00	\$	4,840.00
		Legal Advisor(s)	5 \$ 1,280.00	\$	6,400.00
		TOTALS	23		\$ 26,112.00
8.	Tender Documents Preparation	Project Manager	5 \$ 1,144.00	\$	5,720.00
		Finance/Econ. Specialist(s)	3 \$ 1,144.00	\$	3,432.00
		Civil Specialist(s)	7 \$ 968.00	\$	6,776.00
		Mechanical Engineer(s)	7 \$ 968.00	\$	6,776.00
		Electrical Engineer(s)	7 \$ 968.00	\$	6,776.00
		I&C Engineer(s)	7 \$ 968.00	\$	6,776.00
		Environmental Specialist(s)	5 \$ 1,144.00	\$	5,720.00
		Cost Estimator	5 \$ 800.00	\$	4,000.00
		TOTALS	46		\$ 45,976.00



Exhibit 13 - Feasibility Study Budget (Continued)

9	Draft Final and Final Reports Preparation and Presentation	Project Manager	10	\$	1,144.00	\$	11,440.00
		Finance/Econ. Specialist(s)	3	\$	1,144.00	\$	3,432.00
		Modeling Specialist(s)	3	\$	968.00	\$	2,904.00
		Civil Specialist(s)	4	\$	968.00	\$	3,872.00
		Mechanical Engineer(s)	5	\$	968.00	\$	4,840.00
		Electrical Engineer(s)	5	\$	968.00	\$	4,840.00
		I&C Engineer(s)	4	\$	968.00	\$	3,872.00
		Environmental Specialist(s)	3	\$	1,144.00	\$	3,432.00
		Cost Estimator	3	\$	800.00	\$	2,400.00
		TOTALS	40			\$	41,032.00
TOTAL CONTRACTOR LABOR		273.00			\$	286,472.00	
TOR Task	TOR Task Name	Non-Employee Labor					
		Total Person Days x		Daily Rate**	=	TOTAL COST	
1.	Assessment of MSW Supply and Efficient WTE Disposal Options	Local Engineers	25	\$	450.00	\$ 11,250.00	
2	Evaluation of Proposed Options via Least Cost Analysis	Local Engineers	15	\$	450.00	\$ 6,750.00	
3	Detailed Cost and Implementation Schedule Estimates	Local Engineers	15	\$	450.00	\$ 6,750.00	
4	Economic Evaluation of the Selected Alternative	Local Engineers	10	\$	450.00	\$ 4,500.00	
5	Environmental and Social/Economic Impact Assessment	Local Engineers	25	\$	350.00	\$ 8,750.00	
6	Legal, Regulatory, and Institutional Review	Local Engineers	15	\$	550.00	\$ 8,250.00	
7	Financing Options Review	Local Engineers	10	\$	450.00	\$ 4,500.00	
8	Tender Documents Preparation	Local Engineers	35	\$	450.00	\$ 15,750.00	
9	Draft Final and Final Reports Preparation and Presentation	Local Engineers	15	\$	450.00	\$ 6,750.00	
TOTAL HOST COUNTRY LABOF		165.00			\$	73,250.00	
TOTAL DIRECT LABOR COSTS					\$	359,722.00	
OTHER DIRECT COSTS:							
Purchased Services/Contracts***		Tasks	TOTAL COST				
		N/A					
Travel		Trips		Trip Cost		Total Cost	
International Air Travel		8	\$	2,000.00	\$	16,000.00	
In Country Air Travel					\$	-	
Ground Transportation		8	\$	200.00	\$	1,600.00	
		Trip Days		Per Diem Rate			
Per Diem		56	\$	358.00	\$	20,048.00	
Other (local travel, etc.)					\$	2,000.00	
Interpreters					\$	1,500.00	
Other							
Reproduction and Binding					\$	1,500.00	
Courier Services					\$	950.00	
Visa Services					\$	1,040.00	
Communication					\$	1,500.00	
TOTAL OTHER DIRECT COSTS					\$	46,138.00	
TOTAL COSTS (DIRECT LABOR COSTS + OTHER DIRECT COSTS)					\$	405,860.00	
Total Cost Share					\$	-	
PROPOSED USTDA GRANT					\$	405,860.00	

* Primary Contractor (Employee) Labor Costs = Salary + Overhead + Benefits (No Fee or Profit)

** Non-Employee Labor Cost = Salary + Overhead + Benefits + Reasonable Fee or Profit

*** Purchased Services/Contracts may include engineering drawings, lab work, surveys, translation, etc. which would not be included in Non-Employee Labor Cost above



16. Principal Contact(s) for Follow-up

MPX

Mauricio Moszkowicz

Alternative Sources Manager

Praia do Flamengo, 66 A 8th

Rio de Janeiro, 22210-903, Brazil

Tel. 55-21-2555-4157

Fax. 55-21-2555-4035

E-Mail: mauricio.moszkowicz@mpx.com.br

17. Other Contacts

The following list (Exhibit 14) provides the names and affiliations of the major contacts made during this Definitional Mission:

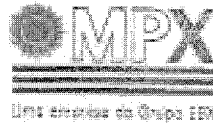


Exhibit 14 - List of Contacts

Firm/ Organization	Contact Person (First Name)	Contact Person (Last Name)	Contact Person (Title)	Address 1	Address 2	City	Zip	Country	Phone Number	Fax Number	E-Mail Address	Date of Contact	Comments
MPX	Mauricio	Moszkowicz	Alternative Sources Manager	Praia do Flamengo, 66 A 8th		Rio de Janeiro	22210-903	Brazil	55-21-2555- 4157	55-21-2555- 4035	mauricio.moszko- wicz@mpx.co m.br	11/10/2008	
MPX	Claudia	do Valle	Energy Specialist	Praia do Flamengo, 66 A 8th		Rio de Janeiro	22210-903	Brazil	55-21-2555- 4288	55-21-2555- 4035	claudia.valle@m px.com.br	11/10/2008	
MPX	Eduardo	Vasconcellos	Business Development	Praia do Flamengo, 66 A 8th		Rio de Janeiro	22210-903	Brazil	55-21-2555- 5289	55-21-2555- 5630	eduardo.vascon- cellos@mpx.co m.br	11/10/2008	
MPX	Roberto	Faria	Procurement	Praia do Flamengo, 66 A 8th		Rio de Janeiro	22210-903	Brazil	55-21-2555- 5271	55-21-2555- 5630	roberto.faria@m px.com.br	11/10/2008	
BNDES	Eduardo	Mello	Department Chief	Av. Republica do Chile, 100 14 andar		Rio de Janeiro	20031-917	Brazil	55-21-2172- 7354	55-21-2172- 6258	emello@bndes. gov.br	11/12/2008	
BNDES	Mauro	Almeida	Engineer	Av. Republica do Chile, 100 14 andar		Rio de Janeiro	20031-917	Brazil	55-21-2172- 6649	55-21-2172- 6258	mau@bndes.go v.br	11/12/2008	
BNDES U.S. Commercial Service	Marcio	Costa	Manager Senior Commercial Specialist	Av. Republica do Chile, 100 14 andar		Rio de Janeiro	20031-917	Brazil	55-21-2172- 6515	55-21-2220- 1342	mmc@bndes.go v.br	11/12/2008	
	Regina	Cunha		Av. Presidente Wilson, 147		Rio de Janeiro	200030-020	Brazil	55-21-3823- 2416	55-21-3823- 2424	regina.cunha@ mail.doc.gov	11/10/2008	



Appendix 1 – Letter from MPX



Rio de Janeiro, November 18th, 2008

MPX - 042/2008

To: Mr. Nathan Younge
Regional Director
USTDA
1000 Wilson Boulevard, Suite 1600
Arlington, Virginia
22209-1901

Dear Mr. Younge,

On behalf of MPX, I would like to first express our thanks to USTDA for being considered for a grant for a feasibility study of the Waste-to-Energy project. As discussed with Constant Group LLC during their field mission in Rio de Janeiro, Brazil, MPX intends to build such kind of project to 30 MW installed capacity.

For this purpose, we have an agreement with COMLURB (waste treatment and disposal company of city of Rio de Janeiro) that has a recycling plant and a site, large enough, to construct a Waste-to-Energy plant.

I am pleased to also inform USTDA that MPX would plan to procure major equipment for construction phase of the project on the basis of competitive bidding (i.e. factoring best reliable performance, lowest cost and other factors) based on tenders from manufactures representing worldwide sources including tenders, we trust, that will be coming from USA.

Yours Sincerely,


Paulo Monteiro Barbosa Filho
Business Development and Environment Director

Paulo Monteiro Barbosa Filho, 22nd andar
Pavilhão Rio de Janeiro, RJ
Brasil 22210-001
T: 55 21 2555 4654
F: 55 21 2555 4655



Appendix 2 – Letter from Comlurb



<TRANSLATION>

Companhia Municipal de Limpeza Urbana- COMLURB
Rua Major Ávila, 358 - Tijuca
CEP. 20511 -900 - Rio de Janeiro - RJ Brasil

www.rio.rj.gov.br/comlurb - Atendimento ao cliente: (21) 2204-9999 - Teleatendimento ao empregado: 3978 -9900

Carta nº 071 /2008 - DIN
2008.

Rio de Janeiro, December 02 of

À Empresa
MPX Energia S.A.
NESTA

A/c.: Srª **Claudia do Valle**
Energias Renováveis - Novos Negócios

Ass.: FEASIBILITY STUDY FOR
WASTE TO ENERGY PROJECT USING
THE FACILITIES OF CAJU
TRANSHIPMENT AND RECYCLING
STATION

Dear Sir/Madam

Regarding to the meeting in MPX's office with Constant Group, consultant of USTDA, on November 10, 2008, when we provide general information about COMLURB and the recycling plant facilities with the main objective of developing a feasibility study (technical, operational and economical) for a power plant from municipal solid waste (waste to energy)

This unit will be feasible if it can achieve a good performance. Additionally the tipping fee to be paid by COMLURB for the treatment of the garbage on this waste to energy facility should be on the same level of options available in the market for final disposal of waste and in total obedience to precepts of engineering, health standards and environmental legislation of the country.

Therefore, we reaffirm our interest in the development of the studies already mentioned, together with MPX. We hope that in the short term we can establish new ways of handling garbage that can address solution regarding the final disposal and health problem while contributing to the improvement of the Brazilian energy matrix and the emission reduction of greenhouse gas.



Finally, we emphasize that this initiative, if successful, opens a new and important opportunity for the use of municipal solid waste to other cities in Brazil, since the installation of new landfills has found strong resistance from Society

Regards.

A handwritten signature in black ink, appearing to read "J. Henrique Monteiro".

José Henrique Penido Monteiro
Industrial and Technical board adviser



<ORIGINAL>



Companhia Municipal de Limpeza Urbana- COMLURB
Rua Major Ávila, 358 - Tijuca
CEP. 20511 -900 - Rio de Janeiro - RJ Brasil

www.rio.rj.gov.br/comlurb - Atendimento ao cliente: (21) 2204-9999 - Teleatendimento ao empregado: 3978 -9900

**Ass.: ESTUDO DE VIABILIDADE DE
GERAÇÃO DE ENERGIA A PARTIR DE
RESÍDUOS SÓLIDOS UTILIZANDO AS
INSTALAÇÕES DA USINA DO CAJU.**

Prezados Senhores,

Fazemos referência à reunião havida em seus escritórios com o consultor da TDA, Constant Group, no dia 10 de novembro de 2008, na qual transmitimos informações sobre a COMLURB, em geral, e a Usina do Caju, em particular, visando desenvolver um estudo de viabilidade técnica, operacional e econômica para sua adequação a uma unidade de tratamento e geração de energia, utilizando os resíduos domiciliares como combustível.

Esta unidade será tão viável quanto melhor for seu desempenho, que deve ser otimizado de modo que a taxa de vazamento de lixo, a ser paga pela COMLURB, esteja no mesmo patamar das opções disponíveis no mercado para disposição final de resíduos, em total obediência aos preceitos da boa engenharia sanitária e às normas e legislação ambiental do país.

Nesta conformidade, reafirmamos o nosso interesse no desenvolvimento dos estudos já mencionados, em conjunto com a MPX, esperando que em curto prazo possamos estabelecer novas formas viáveis de tratamento de lixo, através das quais não só resolveremos o grave problema sanitário de responsabilidade do município, consistente na disposição final adequada do lixo domiciliar gerado por seus habitantes, ao mesmo tempo em que contribuiremos com a melhoria da matriz energética do país e com a redução da emissão de gases efeito estufa, gerando de energia a partir da biomassa.

Finalmente, ressaltamos que esta iniciativa, se bem sucedida, abre uma nova e importante possibilidade de utilização dos resíduos sólidos municipais para outras cidades de médio e grande porte no Brasil, na medida em que a instalação de novos aterros sanitários tem encontrado fortes resistências por parte da sociedade.

Atenciosamente.



José Henrique Penido Monteiro
Assessor da Diretoria Técnica e Industrial



**Appendix 3 – Cooperation Agreement (for WTE Project
Development) between MPX and Comlurb - DRAFT**



TERMO DE COOPERAÇÃO TÉCNICA Nº XX / 08

Termo de Cooperação
Técnica que entre si ajustam
a **COMPANHIA MUNICIPAL
DE LIMPEZA URBANA e
MPX ENERGIA S.A.**

Pelo presente instrumento particular:

- I. **COMPANHIA MUNICIPAL DE LIMPEZA URBANA**, com sede na Cidade e Estado do Rio de Janeiro, na Rua Major Ávila, 358, Tijuca, inscrita no CNPJ sob o nº 42.124.693/0001-74, inscrição municipal nº 01.050966, neste ato representada pelo seu Diretor Presidente, **PAULO CARVALHO FILHO**, titular da carteira de identidade nº 18.231-D, expedida pelo CREA-RJ e pelo seu Diretor Técnico e Industrial **JOSÉ GUIMARÃES BULUS**, titular da carteira de identidade nº 2427666, expedida pelo IFP, doravante denominada "**COMLURB**"; e
- II. **MPX ENERGIA S.A.**, sociedade com sede na Cidade e Estado do Rio de Janeiro, à Praia do Flamengo, nº 66, 9º andar, Flamengo, inscrita no CNPJ sob o nº 04.423.567/0001-21, neste ato representada na forma de seu Estatuto Social, doravante denominada "**MPX**";

individualmente denominadas "**Parte**" ou, coletivamente, denominadas "**Partes**".

têm entre si, justa e acordada, a celebração do presente Termo de Cooperação Técnica, doravante denominado simplesmente "Termo", que se regerá de acordo com as seguintes cláusulas e condições:

CLÁUSULA 1ª – OBJETO

1.1 O presente Termo tem por objeto parceria entre as Partes, visando à elaboração de estudos de viabilidade referentes à geração de energia elétrica a partir de resíduos sólidos urbanos ("**Estudos de Viabilidade**"), na forma especificada no Anexo I.

1.2 As atividades relativas a este Termo são objeto do Plano de Ação, parte integrante do presente instrumento na forma do Anexo I (adiante "**Plano de Ação**").

1.3 As Partes acordam que, oportunamente, poderão aditar o presente Termo, ampliando seu objeto e alterando suas condições.

CLÁUSULA 2ª – COORDENAÇÃO DAS ATIVIDADES



2.1 A Gerência de Fontes Complementares, a Diretoria de Novos Negócios da MPX, bem como a Diretoria Técnica da COMLURB, coordenarão o acompanhamento dos Estudos de Viabilidade, na forma indicada no Plano de Ação.

CLÁUSULA 3ª – PRAZO

3.1 Este Termo entrará em vigor na data de sua assinatura e vigorará pelo prazo de 12 (doze) meses, facultada a sua revisão e/ou prorrogação, por acordo entre as Partes, mediante termo aditivo.

CLÁUSULA 4ª - OBRIGAÇÕES E RESPONSABILIDADES GERAIS DAS PARTES

4.1 As Partes são responsáveis pela execução dos estudos, os quais deverão atender às exigências legais vigentes, especialmente aquelas relativas à proteção do meio-ambiente, devendo, caso necessário, obter licenciamentos e outras autorizações.

4.2 O objeto do presente Termo não ensejará qualquer espécie de repasse financeiro e/ou remuneração a qualquer das Partes, devendo cada uma delas desenvolver e executar as ações de sua responsabilidade com seus próprios recursos.

4.3 Uma Parte não poderá, sem a prévia e expressa autorização da outra, utilizar o nome ou marca em quaisquer veiculações de cunho publicitário ou promocional, notadamente para fins e objetivos comerciais e que possam, sob quaisquer enfoques, sugerir que estariam as Partes em parceria para fins outros que não aqueles estabelecidos neste Termo.

CLÁUSULA 5ª – OBRIGAÇÕES ESPECÍFICAS DAS PARTES

5.1 Compete à COMLURB:

- a) disponibilizar à MPX pleno acesso às instalações da Usina de Lixo do Caju, para a execução dos Estudos de Viabilidade;
- b) fiscalizar e promover o credenciamento de todos os envolvidos na execução e acompanhamento dos estudos, conforme relação de técnicos, que será apresentada pela MPX;
- c) informar à MPX, com o prazo mínimo de 24 (vinte e quatro) horas, o horário de trabalho em suas dependências, para a ciência dos profissionais credenciados;

5.2 Compete à MPX:

- a) providenciar cobertura de seguro exigidas por lei ou acordadas expressamente por ambas as Partes;



- b) disponibilizar à COMLURB o acesso livre e irrestrito à documentação concernente aos estudos objeto deste Termo; e
- c) apresentar, ao final dos estudos, relatório compreendendo os resultados alcançados com a execução dos Estudos de Viabilidade.
- d) se responsabilizar por si, seus prepostos e/ou contratados, por quaisquer danos porventura causados diretamente à COMLURB ou a terceiros, decorrentes de sua culpa ou dolo na execução dos estudos ou em qualquer área por ele afetados.

CLÁUSULA 6ª – GERÊNCIA TÉCNICA DO PROJETO

6.1 Todas as correspondências e notificações deverão ser encaminhadas aos seguintes destinatários:

MPX ENERGIA S.A.

Praia do Flamengo, 66º, 8º andar, Rio de Janeiro, RJ.

At: Mauricio Moszkowicz

Tel: (21) 2555-4061

Fax: (21) 2555-5630

Email: mauricio.moszkowicz@mpx.com.br

COMPANHIA MUNICIPAL DE LIMPEZA URBANA.

Rua Major Ávila, 358, Rio de Janeiro, RJ.

At.: José Henrique R. Penido Monteiro

Tel: [Inserir]

Fax: [Inserir]

Email: [Inserir]

CLÁUSULA 7ª – CONFIDENCIALIDADE

7.1. As Partes se comprometem, por si e por terceiros a elas relacionados, a guardar confidencialidade sobre toda e qualquer informação obtida em decorrência deste Termo, salvo com a prévia e expressa autorização por escrito da outra Parte.

7.2. Não obstante o término do prazo contratual, as obrigações previstas no item 7.1, permanecerão em vigor por um prazo de 02 (dois) anos, a contar do término deste Termo.

CLÁUSULA 8ª – PUBLICAÇÃO



8.1 Até o quinto dia útil seguinte à assinatura deste Termo, a COMLURB deverá providenciar a publicação do respectivo extrato, no prazo máximo de 20 (vinte) dias, no Diário Oficial do Município.

CLÁUSULA 9ª – RESCISÃO

9.1 O presente Termo será considerado imediatamente rescindido, independentemente de aviso prévio, em relação à Parte que:

(i) deixe de cumprir qualquer de suas obrigações decorrentes deste Termo e dos contratos correlatos obrigatórios e que, após notificação da Parte, não cumpra a obrigação descumprida dentro do prazo de 30 (trinta) dias a contar do recebimento da notificação;

(ii) entre em processo de recuperação judicial, extrajudicial, dissolução ou liquidação; ou

(iii) tenha sua falência decretada.

9.2 As Partes poderão rescindir este Termo, independentemente de qualquer motivo, no prazo de 30 (trinta) dias contados a partir do envio de notificação elaborada para este fim.

CLÁUSULA 10ª – DISPOSIÇÕES GERAIS

10.1 As Partes se obrigam a agir de boa-fé no cumprimento e na implementação deste Termo, e a tomar quaisquer outras medidas, desde que razoáveis, que possam ser necessárias para atingir seus fins e objetivos. As Partes reconhecem que poderão surgir circunstâncias que não sejam previstas pelas disposições deste Termo e, em tal caso, se obrigam a consultar uma à outra, prontamente e de boa-fé, para chegarem a um consenso sobre a matéria.

10.2 Este Termo rege-se por toda a legislação aplicável à espécie que desde já entende-se como integrante do presente instrumento, especialmente a Lei nº 8.666, de 21.06.93, e suas alterações, pelo Código de Administração Financeira e Contabilidade Pública do Município do Rio de Janeiro (CAF), instituído pela Lei nº 207, de 19.12.80 com suas alterações ratificadas pela Lei Complementar nº 01 de 13.09.90, pelo Regulamento Geral do Código de Administração Financeira e Contabilidade Pública do Município do Rio de Janeiro (RGCAF), aprovado pelo Decreto nº 3.221, de 18.09.81, bem como pelos preceitos do direito público.

10.3 Este Termo tem como fundamento o art. 116 da Lei nº 8.666/93, e suas alterações, bem como despacho da diretoria da COMLURB, constante do processo administrativo nº xxxxxxxx, que, às fls. xxxxx autorizou a sua celebração.

10.4 A participação em conjunto das Partes é estritamente limitada à implantação e desenvolvimento dos Estudos de Viabilidade. Esta participação não dá ensejo, de forma alguma, a quaisquer outros compromissos comerciais futuros.



10.5 As Partes elegem o foro da Comarca da Capital do Estado do Rio de Janeiro para dirimir quaisquer questões oriundas deste Termo, com exclusão de qualquer outro, por mais privilegiado que seja.

E por estarem, assim, justas e acordadas, as Partes firmam o presente Termo em cinco vias de igual teor e validade, juntamente com as testemunhas abaixo identificadas.

(segue página de assinatura)



Rio de Janeiro, 4 de novembro de 2008.

MPX ENERGIA S.A.

COMPANHIA MUNICIPAL DE LIMPEZA URBANA

TESTEMUNHAS:

COMLURB

COMLURB

ANNEX 3



**U.S. TRADE AND DEVELOPMENT AGENCY
Arlington, VA 22209-2131**

NATIONALITY, SOURCE, AND ORIGIN REQUIREMENTS

The purpose of USTDA's nationality, source, and origin requirements is to assure the maximum practicable participation of American contractors, technology, equipment and materials in the prefeasibility, feasibility, and implementation stages of a project.

USTDA STANDARD RULE (GRANT AGREEMENT STANDARD LANGUAGE):

Except as USTDA may otherwise agree, each of the following provisions shall apply to the delivery of goods and services funded by USTDA under this Grant Agreement: (a) for professional services, the Contractor must be either a U.S. firm or U.S. individual; (b) the Contractor may use U.S. subcontractors without limitation, but the use of subcontractors from host country may not exceed twenty percent (20%) of the USTDA Grant amount and may only be used for specific services from the Terms of Reference identified in the subcontract; (c) employees of U.S. Contractor or U.S. subcontractor firms responsible for professional services shall be U.S. citizens or non-U.S. citizens lawfully admitted for permanent residence in the U.S.; (d) goods purchased for implementation of the Study and associated delivery services (e.g., international transportation and insurance) must have their nationality, source and origin in the United States; and (e) goods and services incidental to Study support (e.g., local lodging, food, and transportation) in host country are not subject to the above restrictions. USTDA will make available further details concerning these standards of eligibility upon request.

NATIONALITY:

1) Rule

Except as USTDA may otherwise agree, the Contractor for USTDA funded activities must be either a U.S. firm or a U.S. individual. Prime contractors may utilize U.S.

subcontractors without limitation, but the use of host country subcontractors is limited to 20% of the USTDA grant amount.

2) Application

Accordingly, only a U.S. firm or U.S. individual may submit proposals on USTDA funded activities. Although those proposals may include subcontracting arrangements with host country firms or individuals for up to 20% of the USTDA grant amount, they may not include subcontracts with third country entities. U.S. firms submitting proposals must ensure that the professional services funded by the USTDA grant, to the extent not subcontracted to host country entities, are supplied by employees of the firm or employees of U.S. subcontractor firms who are U.S. individuals.

Interested U.S. firms and consultants who submit proposals must meet USTDA nationality requirements as of the due date for the submission of proposals and, if selected, must continue to meet such requirements throughout the duration of the USTDA-financed activity. These nationality provisions apply to whatever portion of the Terms of Reference is funded with the USTDA grant.

3) Definitions

A "U.S. individual" is (a) a U.S. citizen, or (b) a non-U.S. citizen lawfully admitted for permanent residence in the U.S. (a green card holder).

A "U.S. firm" is a privately owned firm which is incorporated in the U.S., with its principal place of business in the U.S., and which is either (a) more than 50% owned by U.S. individuals, or (b) has been incorporated in the U.S. for more than three (3) years prior to the issuance date of the request for proposals; has performed similar services in the U.S. for that three (3) year period; employs U.S. citizens in more than half of its permanent full-time positions in the U.S.; and has the existing capability in the U.S. to perform the work in question.

A partnership, organized in the U.S. with its principal place of business in the U.S., may also qualify as a "U.S. firm" as would a joint venture organized or incorporated in the United States consisting entirely of U.S. firms and/or U.S. individuals.

A nonprofit organization, such as an educational institution, foundation, or association may also qualify as a "U.S. firm" if it is incorporated in the United States and managed by a governing body, a majority of whose members are U.S. individuals.

SOURCE AND ORIGIN:

1) Rule

In addition to the nationality requirement stated above, any goods (e.g., equipment and materials) and services related to their shipment (e.g., international transportation and insurance) funded under the USTDA Grant Agreement must have their source and origin in the United States, unless USTDA otherwise agrees. However, necessary purchases of goods and project support services which are unavailable from a U.S. source (e.g., local food, housing and transportation) are eligible without specific USTDA approval.

2) Application

Accordingly, the prime contractor must be able to demonstrate that all goods and services purchased in the host country to carry out the Terms of Reference for a USTDA Grant Agreement that were not of U.S. source and origin were unavailable in the United States.

3) Definitions

"Source" means the country from which shipment is made.

"Origin" means the place of production, through manufacturing, assembly or otherwise.

Questions regarding these nationality, source and origin requirements may be addressed to the USTDA Office of General Counsel.

ANNEX 4

GRANT AGREEMENT

This Grant Agreement is entered into between the Government of the United States of America, acting through the U.S. Trade and Development Agency ("USTDA") and MPX Energia, S.A. ("Grantee"). USTDA agrees to fund the costs of a feasibility study ("Study") under the terms of this Agreement in the total amount of US\$406,000 ("USTDA Grant"). The USTDA Grant shall fund the costs of goods and services required for the Study on the proposed Rio Municipal Solid Waste to Energy Plant Project ("Project") in Brazil ("Host Country").

1. USTDA Funding

The funding to be provided under this Grant Agreement shall be used to fund the costs of an Agreement of Understanding to Perform the Feasibility Study ("Agreement of Understanding") between the Grantee and the U.S. firm selected by the Grantee ("U.S. Firm") under which the U.S. Firm will perform the Study. Payment to the U.S. Firm will be made directly by USTDA on behalf of the Grantee with the USTDA Grant funds provided under this Grant Agreement.

2. Terms of Reference

The Terms of Reference for the Study ("Terms of Reference") are attached as Annex I and are hereby made a part of this Grant Agreement. The Study will examine the technical, financial, environmental, and other critical aspects of the proposed Project. The Terms of Reference for the Study shall also be included in the Agreement of Understanding.

3. Standards of Conduct

USTDA and the Grantee recognize the existence of standards of conduct for public officials, and commercial entities, in their respective countries. The parties to this Grant Agreement and the U.S. Firm shall observe these standards, which include not accepting payment of money or anything of value, directly or indirectly, from any person for the purpose of illegally or improperly inducing anyone to take any action favorable to any party in connection with the Study.

4. Grantee Responsibilities

The Grantee shall undertake its best efforts to provide reasonable support for the U.S. Firm, such as a recommendation by the Grantee to the U.S. Firm regarding the best means of local transportation or meeting rooms for the discussion of the feasibility study when necessary.



5. USTDA as Financier

(A) USTDA Approval of Competitive Selection Procedures

Selection of the U.S. Firm shall be carried out by the Grantee according to its established procedures for the competitive selection of contractors with advance notice of the procurement published online through *Federal Business Opportunities* (www.fedbizopps.gov). Upon request, the Grantee will submit these contracting procedures and related documents to USTDA for information and/or approval.

(B) USTDA Approval of U.S. Firm Selection

The Grantee shall notify USTDA at the address of record set forth in Article 17 below upon selection of the U.S. Firm to perform the Study. Upon approval of this selection by USTDA, the Grantee and the U.S. Firm shall then enter into an Agreement of Understanding. The Grantee shall notify in writing the U.S. firms that submitted unsuccessful proposals to perform the Study that they were not selected.

(C) USTDA Approval of Agreement of Understanding Between Grantee and U.S. Firm

The Grantee and the U.S. Firm shall enter into an Agreement of Understanding. This Agreement of Understanding, and any amendments thereto, including assignments and changes in the Terms of Reference, must be approved by USTDA in writing. To expedite this approval, the Grantee (or the U.S. Firm on the Grantee's behalf) shall transmit to USTDA, at the address set forth in Article 17 below, a photocopy of an English language version of the signed Agreement of Understanding or a final negotiated draft version of the Agreement of Understanding.

(D) USTDA Not a Party to the Agreement of Understanding

It is understood by the parties that USTDA has reserved certain rights such as, but not limited to, the right to approve the terms of the Agreement of Understanding and any amendments thereto, including assignments, the selection of all U.S. Firms, the Terms of Reference, the Final Report, and any and all documents related to any Agreement of Understanding funded under the Grant Agreement. The parties hereto further understand and agree that USTDA, in reserving any or all of the foregoing approval rights, has acted solely as a financing entity to assure the proper use of United States Government funds, and that any decision by USTDA to exercise or refrain from exercising these approval rights shall be made as a financier in the course of funding the Study and shall not be construed as making USTDA a party to the Agreement of Understanding. The parties hereto understand and agree that USTDA may, from time to time, exercise the foregoing approval rights, or discuss matters related to these rights and the Project with the parties to the Agreement of Understanding or any sub-agreement, jointly or separately, without thereby incurring any responsibility or liability to such parties. Any approval or failure to approve by USTDA shall not bar



the Grantee or USTDA from asserting any right they might have against the U.S. Firm, or relieve the U.S. Firm of any liability which the U.S. Firm might otherwise have to the Grantee or USTDA.

(E) Grant Agreement Controlling

Regardless of USTDA approval, the rights and obligations of any party to the Agreement of Understanding or any sub-agreement thereunder must be consistent with this Grant Agreement. In the event of any inconsistency between the Grant Agreement and any Agreement of Understanding or sub-agreement funded by the Grant Agreement, the Grant Agreement shall be controlling.

6. Disbursement Procedures

(A) USTDA Approval of Agreement of Understanding Required

USTDA will make disbursements of Grant funds directly to the U.S. Firm only after USTDA approves the Grantee's Agreement of Understanding with the U.S. Firm.

(B) U.S. Firm Invoice Requirements

The Grantee should request disbursement of funds by USTDA to the U.S. Firm for performance of the Study by submitting invoices in accordance with the procedures set forth in the USTDA Mandatory Clauses in Annex II.

7. Effective Date

The effective date of this Grant Agreement ("Effective Date") shall be the date of signature by both parties or, if the parties sign on different dates, the date of the last signature.

8. Study Schedule

(A) Study Completion Date

The completion date for the Study, which is November 30, 2010, is the date by which the parties estimate that the Study will have been completed.

(B) Time Limitation on Disbursement of USTDA Grant Funds

Except as USTDA may otherwise agree, (a) no USTDA funds may be disbursed under this Grant Agreement for goods and services which are provided prior to the Effective Date of the Grant Agreement; and (b) all funds made available under the Grant Agreement must be disbursed within four (4) years from the Effective Date of the Grant Agreement.



9. USTDA Mandatory Clauses

All Agreements of Understanding funded under this Grant Agreement shall include the USTDA mandatory clauses set forth in Annex II to this Grant Agreement. All sub-agreements funded or partially funded with USTDA Grant funds shall include the USTDA mandatory clauses, except for clauses B(1), G, H, I, and J.

10. Use of U.S. Carriers

(A) Air

Transportation by air of persons or property funded under the Grant Agreement shall be on U.S. flag carriers in accordance with the Fly America Act, 49 U.S.C. 40118, to the extent service by such carriers is available, as provided under applicable U.S. Government regulations.

(B) Marine

Transportation by sea of property funded under the Grant Agreement shall be on U.S. carriers in accordance with U.S. cargo preference law.

11. Nationality, Source and Origin

Except as USTDA may otherwise agree, the following provisions shall govern the delivery of goods and services funded by USTDA under the Grant Agreement: (a) for professional services, the U.S. Firm must be either a U.S. firm or U.S. individual; (b) the U.S. Firm may use U.S. subcontractors without limitation, but the use of subcontractors from Host Country may not exceed twenty percent (20%) of the USTDA Grant amount and may only be used for specific services from the Terms of Reference identified in the sub-agreement; (c) employees of the U.S. Firm or U.S. subcontractors responsible for professional services shall be U.S. citizens or non-U.S. citizens lawfully admitted for permanent residence in the U.S.; (d) goods purchased for performance of the Study and associated delivery services (e.g., international transportation and insurance) must have their nationality, source and origin in the United States; and (e) goods and services incidental to Study support (e.g., local lodging, food, and transportation) in Host Country are not subject to the above restrictions. USTDA will make available further details concerning these provisions upon request.

12. Taxes

USTDA funds provided under the Grant Agreement shall not be used to pay any taxes, tariffs, duties, fees or other levies imposed under laws in effect in Host Country. Neither the Grantee nor the U.S. Firm will seek reimbursement from USTDA for such taxes, tariffs, duties, fees or other levies.



13. Cooperation Between Parties and Follow-Up

The parties will cooperate to assure that the purposes of the Grant Agreement are accomplished. For five (5) years following receipt by USTDA of the Final Report (as defined in Clause I of Annex II), the Grantee agrees to respond to any reasonable inquiries from USTDA about the status of the Project.

14. Implementation Letters

To assist the Grantee in the implementation of the Study, USTDA may, from time to time, issue implementation letters that will provide additional information about matters covered by the Grant Agreement. The parties may also use jointly agreed upon implementation letters to confirm and record their mutual understanding of matters covered by the Grant Agreement.

15. Recordkeeping and Audit

The Grantee agrees to maintain books, records, and other documents relating to the Study and the Grant Agreement adequate to demonstrate implementation of its responsibilities under the Grant Agreement, including the selection of U.S. Firms, receipt and approval of Agreement of Understanding deliverables, and approval or disapproval of U.S. firm invoices for payment by USTDA. Such books, records, and other documents shall be separately maintained for three (3) years after the date of the final disbursement by USTDA. The Grantee shall afford USTDA or its authorized representatives the opportunity at reasonable times to review books, records, and other documents relating to the Study and the Grant Agreement.

16. Representation of Parties

For all purposes relevant to the Grant Agreement, the Government of the United States of America will be represented by the U. S. Ambassador to Host Country or USTDA and Grantee will be represented by the CEO. The parties hereto may, by written notice, designate additional representatives for all purposes under the Grant Agreement.

17. Addresses of Record for Parties

Any notice, request, document, or other communication submitted by either party to the other under the Grant Agreement shall be in writing or through a wire or electronic medium which produces a tangible record of the transmission, such as a telegram, cable or facsimile, and will be deemed duly given or sent when delivered to such party at the following:

To: MPX Energia, S.A.
Praia do Flamengo 66, 8º andar
Rio de Janeiro, RJ 22210-903



Brazil

Phone: 011 55 (21) 2555-4288

Fax: 011 55 (21)

To: U.S. Trade and Development Agency
1000 Wilson Boulevard, Suite 1600
Arlington, Virginia 22209-3901
USA

Phone: (703) 875-4357

Fax: (703) 875-4009

All such communications shall be in English, unless the parties otherwise agree in writing. In addition, the Grantee shall provide the Commercial Section of the U.S. Embassy in Host Country with a copy of each communication sent to USTDA.

Any communication relating to this Grant Agreement shall include the following fiscal data:

Appropriation No.: 119/101001
Activity No.: 200951019A
Reservation No.: 2009510025
Grant No.: GH2009510010

18. Termination Clause

Either party may terminate the Grant Agreement by giving the other party thirty (30) days advance written notice. The termination of the Grant Agreement will end any obligations of the parties to provide financial or other resources for the Study, except for payments which they are committed to make pursuant to noncancellable commitments entered into with third parties prior to the written notice of termination.



19. Non-waiver of Rights and Remedies

No delay in exercising any right or remedy accruing to either party in connection with the Grant Agreement shall be construed as a waiver of such right or remedy.

20. U.S. Technology and Equipment

By funding this Study, USTDA seeks to promote the project objectives of the Host Country through the use of U.S. technology, goods, and services. In recognition of this purpose, the Grantee agrees that it will allow U.S. suppliers to compete in the procurement of technology, goods and services needed for Project implementation.

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IN WITNESS WHEREOF, the Government of the United States of America and MPX Energia S.A., each acting through its duly authorized representative, have caused this Agreement to be signed in the English language in their names and delivered as of the day and year written below. In the event that this Grant Agreement is signed in more than one language, the English language version shall govern.

For the Government of the
United States of America

By: Nathan D. Younge

Nathan Younge
Regional Director
U.S. Trade and Development Agency

Date: 26/06/09

For MPX Energia, S.A.

By: Paulo Monteiro e Xisto

Paulo Monteiro e Xisto
Director
MPX Energia, S.A.

Date: 26/06/09

By: Xisto Vieira Filho

Xisto Vieira Filho
Director
MPX Energia, S.A.

Date: 26/06/09

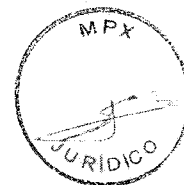
Date: 26/06/09

Witnessed:

By: AC Richardson

Witnessed:

By: Paulo Monteiro e Xisto



Annex I -- Terms of Reference

Annex II -- USTDA Mandatory Clauses



Annex I

Terms of Reference

Objective

The objective of the Rio Municipal Solid Waste to Energy Plant Feasibility Study ("Study") is to assist MPX Energia, S.A. ("MPX") in determining the technical and financial viability of constructing a greenfield waste to energy (WTE) plant in the state of Rio de Janeiro. In carrying out the Study, the selected U.S. Firm shall address all issues related to WTE conversion project sizing, optimal siting, technology selection, economic viability, environmental impacts, institutional issues, and financing options.

The Study tasks are as follows:

Task 1: Assessment of Municipal Solid Waste (MSW) Supply and Efficient WTE Disposal Options

The U.S. Firm shall identify the current MSW availability and quality within the target municipality. The assessment shall cover the newly proposed plant for a life cycle of at least 25 years.

The U.S. Firm shall perform the following sub-tasks as part of the assessment:

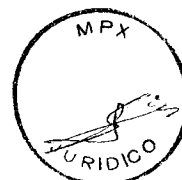
- Develop a current MSW generation profile;
- Develop projected growth scenarios;
- Evaluate options and determine the optimal technology, WTE conversion unit size and operational modes for the power plant in general; and
- Identify target locations applicable to Rio de Janeiro and evaluate possible sites for the plant.

Task 2: Evaluation of Proposed Options via Least Cost Analysis

The U.S. Firm shall collect and/or generate appropriate data for the alternatives identified in Task 1, including, but not limited to capital budgets, variable and fixed operating and maintenance (O&M) costs, fuel pricing, etc. All alternatives should be optimized based on the expected optimal size, operational modes, and technology for the plant developed in Task 1, and the U.S. Firm shall select the least-cost alternative in consultation with MPX.

Task 3: Detailed Cost and Implementation Schedule Estimates

Upon the selection of the least-cost alternative, the U.S. Firm shall prepare a detailed Engineer-Procure-Construct (EPC)-type cost estimate for the selected alternative. The estimate shall include a detailed breakdown of equipment and materials for all major components, including but not limited to major generation equipment, balance of plant,



instrumentation and controls, water treatment, electrical interconnection, and the cost of land acquisition/lease.

Task 4: Economic Evaluation of the Selected Alternative

The U.S. Firm shall conduct a sensitivity analyses on the selected alternative related to possible changes in all major external factors, such as fuel cost, electricity cost, interest rates, investment costs, and any other factors that may impact the plant profitability, as appropriate. The U.S. Firm shall calculate net present value, payback time, and Internal Rate of Return for all sensitivities, including varying basic economic/cost parameters to estimate variances, including, but not limited to interest rates, electricity costs, and fuel costs.

Task 5: Environmental and Social/Economic Impact Assessment

The U.S. Firm shall conduct a preliminary review of the Project's environmental impact with reference to all relevant local environmental requirements and regulations, those of multi-lateral and Brazilian lending agencies (such as the World Bank and the Brazilian National Development Bank), and those of the Export-Import Bank of the United States (or similar entities) that support power projects financed with credits or guarantees provided by the bank. The U.S. Firm shall perform a preliminary environmental impact assessment of the Project to identify potential negative impacts, discuss the extent to which they can be mitigated, and develop plans for a full environmental impact assessment in anticipation of the Project moving forward to implementation. In particular, the U.S. Firm shall identify, and propose remedies for any potential air, water, or noise pollution increases that might result from the Project.

The U.S. Firm shall also assess the potential development impact of the Project in the Host Country. The U.S. Firm shall focus on what the economic and social development outcomes will be if the Project is implemented according to the Study recommendations. While specific focus should be paid to the immediate impact of the Project, the U.S. Firm shall include, where appropriate, any additional developmental benefits resulting from the Project, including spin-off and demonstration effects. The analysis of potential benefits of the Study should be as concrete and detailed as possible. The Development Impact factors are intended to provide the Project's decision-makers and interested parties with a broader view of the Project's potential effects on the Host Country. The U.S. Firm shall provide estimates of the Project's potential benefits in the following areas:

- Infrastructure: a brief synopsis on the impact on infrastructure;
- Market-Oriented Reform: a description of any regulations, laws, or institutional changes that are recommended and the effect they would have if implemented;
- Human Capacity Building: a description of the number and type of positions that would be needed to construct and operate the plant, number of people that will be needed to procure construction materials, and erect and operate the plant, as well as the number of people who will receive training, and a brief description of the training program;



- Technology Transfer and Productivity Enhancement: a description of any advanced technologies that will be implemented as a result of the Project. A description of any efficiencies in productivity that will be gained in the relevant technical areas;
- Other: any other developmental benefits related to the Project, including spin-off or demonstration effects.

Task 6: Legal, Regulatory, and Institutional Review

The U.S. Firm shall review the existing renewable and energy sector laws of Brazil, permitting requirements, local building requirements, and other constraints (right-of-way, zoning ordinances, etc.) that may need to be taken into account before the Project moves into the implementation stage. The U.S. Firm shall clearly identify any problematic areas relating to participation (in any aspect of the Project) by U.S. companies, and shall convey these issues to MPX for consideration and/or corrective action, should this be appropriate.

Task 7: Financing Options Review

The U.S. Firm shall assist MPX in developing sound financing plans for the Project, and shall assist in finding a source suitable to MPX for funding all components of the Project. In this regard, the U.S. Firm shall obtain written expressions of interest on behalf of MPX from a number of potential donors/lenders and selected credit agencies. In addition, the U.S. Firm shall document current terms and conditions for each of the potential sources of funding that have been identified.

Task 8: Tender Documents Preparation

Upon completion of Tasks 1 through 7, MPX shall notify the U.S. Firm in writing as to whether MPX requires the U.S. Firm to complete Task 8. If MPX requires that the U.S. Firm complete Task 8, the U.S. Firm shall prepare a set of tender documents. The U.S. Firm shall ensure that tender specifications are drawn up in a manner that meets the procurement principle of maintaining fair and open competition. Tender specifications shall not be prepared, adopted, or applied with a view to or with the effect of creating obstacles to competition among bidders. The tender documents shall include: (a) Project Background and Information, (b) Requirements for the Environmental Impact Assessment; (c) Technical Specifications; and (d) Draft Contract clauses that include all appropriate commercial terms for Project execution.

If, however, MPX notifies the U.S. Firm that MPX does not want the U.S. Firm to complete Task 8, the U.S. Firm shall notify USTDA in writing and Task 8 shall be eliminated from the Project. The U.S. Firm shall then proceed to Task 9. If Task 8 is eliminated from the Terms of Reference (TOR), the U.S. Firm shall not be paid for Task 8 and MPX shall not get the benefit of Task 8. If Task 8 is eliminated from the TOR, the sum of \$45,976, which is the budgeted cost for Task 8, shall be eliminated from the



budget. Accordingly, the USTDA grant shall be reduced by \$45,976, and such funds shall be deobligated.

The Technical Specifications Documents should be divided into two sections: Section 1: Major Equipment; and Section 2: Civil Works and Construction. The major equipment shall include the following:

- International Tender for turbines, generators, boilers, and other mechanical equipment; and
- International Tender for electrical substation equipment and controls.

The civil works and construction shall include the following:

- International Tender for civil works and erection of the plant.

The Technical Specifications documents shall include provisions for the local component of the works (in particular as related to erection, installation, commissioning and testing). Tender documents shall be prepared in collaboration with MPX's staff.

Task 9 FINAL REPORT

Once MPX has provided comments and revisions to the draft final report, the U.S. Firm shall prepare and deliver to MPX and USTDA a substantive and comprehensive final report of all work performed under these Terms of Reference ("Final Report"). The Final Report shall be organized according to the above tasks, and shall include all deliverables and documents that have been provided to MPX. The Bidding Tender Documents delivered under Task 8 shall be submitted as a separate annex to the Final Report. It is the U.S. Firm's responsibility to identify prospective U.S. Sources of Supply in the Final Report to be submitted to USTDA and MPX in accordance with Clause I of Annex II of the Grant Agreement. The U.S. Suppliers list shall identify the capabilities, addresses, and principal points of contact for each of the suppliers.

The U.S. Firm shall provide to MPX the Final Report on CD-ROM and one (1) hard copy of both the confidential and public versions of the Final Report in English. The U.S. Firm also shall provide copies to USTDA and the U.S. Embassy in Brazil in accordance with Clause I of Annex II of the Grant Agreement.

Notes:

- 1) **The U.S. Firm is responsible for compliance with U.S. export licensing requirements, if applicable, in the performance of the Terms of Reference.**
- 2) **The U.S. Firm and MPX shall be careful to ensure that the public version of the Final Report contains no security or confidential information.**
- 3) **MPX and USTDA shall have an irrevocable, worldwide, royalty-free, non-exclusive right to use and distribute the Final Report and all work product that is developed under these Terms of Reference.**



Annex II

USTDA Mandatory Agreement of Understanding to Perform the Feasibility Study Clauses

A. USTDA Mandatory Clauses Controlling

The parties to this Agreement of Understanding to Perform the Feasibility Study ("Agreement of Understanding") acknowledge that this Agreement of Understanding is funded in whole or in part by the U.S. Trade and Development Agency ("USTDA") under the Grant Agreement between the Government of the United States of America acting through USTDA and MPX Energia, S.A. ("Client"), dated _____ ("Grant Agreement"). The Client has selected _____ ("U.S. Firm") to perform the feasibility study ("Study") for the Rio Municipal Solid Waste to Energy Plant Project ("Project") in Brazil ("Host Country"). Notwithstanding any other provisions of this Agreement of Understanding, the following USTDA mandatory Agreement of Understanding clauses shall govern. All sub-agreements entered into by the U.S. Firm funded or partially funded with USTDA Grant funds shall include these USTDA mandatory Agreement of Understanding clauses, except for clauses B(1), G, H, I, and J. In addition, in the event of any inconsistency between the Grant Agreement and any Agreement of Understanding or sub-agreement thereunder, the Grant Agreement shall be controlling.

B. USTDA as Financier

(1) USTDA Approval of Agreement of Understanding

All agreements of understanding funded under the Grant Agreement, and any amendments thereto, including assignments and changes in the Terms of Reference, must be approved by USTDA in writing in order to be effective with respect to the expenditure of USTDA Grant funds. USTDA will not authorize the disbursement of USTDA Grant funds until the Agreement of Understanding has been formally approved by USTDA or until the Agreement of Understanding conforms to modifications required by USTDA during the Agreement of Understanding review process.

(2) USTDA Not a Party to the Agreement of Understanding

It is understood by the parties that USTDA has reserved certain rights such as, but not limited to, the right to approve the terms of this Agreement of Understanding and amendments thereto, including assignments, the selection of all U.S. Firms, the Terms of Reference, the Final Report, and any and all documents related to any Agreement of Understanding funded under the Grant Agreement. The parties hereto further understand and agree that USTDA, in reserving any or all of the foregoing approval rights, has acted solely as a financing entity to assure the proper use of United States Government funds, and that any decision by USTDA to exercise or refrain from



exercising these approval rights shall be made as a financier in the course of financing the Study and shall not be construed as making USTDA a party to the Agreement of Understanding. The parties hereto understand and agree that USTDA may, from time to time, exercise the foregoing approval rights, or discuss matters related to these rights and the Project with the parties to the Agreement of Understanding or any sub-agreement, jointly or separately, without thereby incurring any responsibility or liability to such parties. Any approval or failure to approve by USTDA shall not bar the Client or USTDA from asserting any right they might have against the U.S. Firm, or relieve the U.S. Firm of any liability which the U.S. Firm might otherwise have to the Client or USTDA.

C. Nationality, Source and Origin

Except as USTDA may otherwise agree, the following provisions shall govern the delivery of goods and services funded by USTDA under the Grant Agreement: (a) for professional services, the U.S. Firm must be either a U.S. firm or U.S. individual; (b) the U.S. Firm may use U.S. subcontractors without limitation, but the use of subcontractors from Host Country may not exceed twenty percent (20%) of the USTDA Grant amount and may only be used for specific services from the Terms of Reference identified in the sub-agreement; (c) employees of the U.S. Firm or U.S. subcontractors responsible for professional services shall be U.S. citizens or non-U.S. citizens lawfully admitted for permanent residence in the U.S.; (d) goods purchased for performance of the Study and associated delivery services (e.g., international transportation and insurance) must have their nationality, source and origin in the United States; and (e) goods and services incidental to Study support (e.g., local lodging, food, and transportation) in Host Country are not subject to the above restrictions. USTDA will make available further details concerning these provisions upon request.

D. Recordkeeping and Audit

The U.S. Firm and subcontractors funded under the Grant Agreement shall maintain, in accordance with generally accepted accounting procedures, books, records, and other documents, sufficient to reflect properly all transactions under or in connection with the Agreement of Understanding. These books, records, and other documents shall clearly identify and track the use and expenditure of USTDA funds, separately from other funding sources. Such books, records, and documents shall be maintained during the Agreement of Understanding term and for a period of three (3) years after final disbursement by USTDA. The U.S. Firm and subcontractors shall afford USTDA, or its authorized representatives, the opportunity at reasonable times for inspection and audit of such books, records, and other documentation.



E. U.S. Carriers

(1) Air

Transportation by air of persons or property funded under the Grant Agreement shall be on U.S. flag carriers in accordance with the Fly America Act, 49 U.S.C. 40118, to the extent service by such carriers is available, as provided under applicable U.S. Government regulations.

(2) Marine

Transportation by sea of property funded under the Grant Agreement shall be on U.S. carriers in accordance with U.S. cargo preference law.

F. Workman's Compensation Insurance

The U.S. Firm shall provide adequate Workman's Compensation Insurance coverage for work performed under this Agreement of Understanding.

G. Reporting Requirements

The U.S. Firm shall advise USTDA by letter as to the status of the Project on March 1st annually for a period of two (2) years after completion of the Study. In addition, if at any time the U.S. Firm receives follow-on work from the Client, the U.S. Firm shall so notify USTDA and designate the U.S. Firm's contact point including name, telephone, and fax number. Since this information may be made publicly available by USTDA, any information which is confidential shall be designated as such by the U.S. Firm and provided separately to USTDA. USTDA will maintain the confidentiality of such information in accordance with applicable law.

H. Disbursement Procedures

(1) USTDA Approval of Agreement of Understanding

Disbursement of Grant funds will be made only after USTDA approval of this Agreement of Understanding. To make this review in a timely fashion, USTDA must receive from either the Client or the U.S. Firm a photocopy of an English language version of a signed Agreement of Understanding or a final negotiated draft version to the attention of the General Counsel's office at USTDA's address listed in Clause M below.



(2) Payment Schedule Requirements

A payment schedule for disbursement of Grant funds to the U.S. Firm shall be included in this Agreement of Understanding. Such payment schedule must conform to the following USTDA requirements: (1) up to twenty percent (20%) of the total USTDA Grant amount may be used as a mobilization payment; (2) all other payments, with the exception of the final payment, shall be based upon Agreement of Understanding performance milestones; and (3) the final payment may be no less than fifteen percent (15%) of the total USTDA Grant amount, payable upon receipt by USTDA of an approved Final Report in accordance with the specifications and quantities set forth in Clause I below. Invoicing procedures for all payments are described below.

(3) U.S. Firm Invoice Requirements

USTDA will make all disbursements of USTDA Grant funds directly to the U.S. Firm. The U.S. Firm must provide USTDA with an ACH Vendor Enrollment Form (available from USTDA) with the first invoice. The Client shall request disbursement of funds by USTDA to the U.S. Firm for performance of the contract by submitting the following to USTDA:

(a) U.S. Firm's Invoice

The U.S. Firm's invoice shall include reference to an item listed in the Agreement of Understanding payment schedule, the requested payment amount, and an appropriate certification by the U.S. Firm, as follows:

(i) For a mobilization payment (if any):

"As a condition for this mobilization payment, the U.S. Firm certifies that it will perform all work in accordance with the terms of its Agreement of Understanding with the Client. To the extent that the U.S. Firm does not comply with the terms and conditions of the Agreement of Understanding, including the USTDA mandatory provisions contained therein, it will, upon USTDA's request, make an appropriate refund to USTDA. "

(ii) For Agreement of Understanding performance milestone payments:

"The U.S. Firm has performed the work described in this invoice in accordance with the terms of its Agreement of Understanding with the Client and is entitled to payment thereunder. To the extent the U.S. Firm has not complied with the terms and conditions of the Agreement of Understanding, including the USTDA mandatory provisions contained therein, it will, upon USTDA's request, make an appropriate refund to USTDA."



(iii) For final payment:

"The U.S. Firm has performed the work described in this invoice in accordance with the terms of its Agreement of Understanding with the Client and is entitled to payment thereunder. Specifically, the U.S. Firm has submitted the Final Report to the Client, as required by the Agreement of Understanding, and received the Client's approval of the Final Report. To the extent the U.S. Firm has not complied with the terms and conditions of the Agreement of Understanding, including the USTDA mandatory provisions contained therein, it will, upon USTDA's request, make an appropriate refund to USTDA."

(b) Client's Approval of the U.S. Firm's Invoice

(i) The invoice for a mobilization payment must be approved in writing by the Client.

(ii) For Agreement of Understanding performance milestone payments, the following certification by the Client must be provided on the invoice or separately:

"The services for which disbursement is requested by the U.S. Firm have been performed satisfactorily, in accordance with applicable Agreement of Understanding provisions and the terms and conditions of the USTDA Grant Agreement."

(iii) For final payment, the following certification by the Client must be provided on the invoice or separately:

"The services for which disbursement is requested by the U.S. Firm have been performed satisfactorily, in accordance with applicable Agreement of Understanding provisions and terms and conditions of the USTDA Grant Agreement. The Final Report submitted by the U.S. Firm has been reviewed and approved by the Client. "

(c) USTDA Address for Disbursement Requests

Requests for disbursement shall be submitted by courier or mail to the attention of the Finance Department at USTDA's address listed in Clause M below.

(4) Termination

In the event that the Agreement of Understanding is terminated prior to completion, the U.S. Firm will be eligible, subject to USTDA approval, for reasonable and documented costs which have been incurred in performing the Terms of Reference prior to termination, as well as reasonable wind down expenses. Reimbursement for such costs shall not exceed the total amount of undisbursed Grant funds. Likewise, in



the event of such termination, USTDA is entitled to receive from the U.S. Firm all USTDA Grant funds previously disbursed to the U.S. Firm (including but not limited to mobilization payments) which exceed the reasonable and documented costs incurred in performing the Terms of Reference prior to termination.

I. USTDA Final Report

(1) Definition

"Final Report" shall mean the Final Report described in the attached Annex I Terms of Reference or, if no such "Final Report" is described therein, "Final Report" shall mean a substantive and comprehensive report of work performed in accordance with the attached Annex I Terms of Reference, including any documents delivered to the Client.

(2) Final Report Submission Requirements

The U.S. Firm shall provide the following to USTDA:

(a) One (1) complete version of the Final Report for USTDA's records. This version shall have been approved by the Client in writing and must be in the English language. It is the responsibility of the U.S. Firm to ensure that confidential information, if any, contained in this version be clearly marked. USTDA will maintain the confidentiality of such information in accordance with applicable law.

and

(b) One (1) copy of the Final Report suitable for public distribution ("Public Version"). The Public Version shall have been approved by the Client in writing and must be in the English language. As this version will be available for public distribution, it must not contain any confidential information. If the report in (a) above contains no confidential information, it may be used as the Public Version. In any event, the Public Version must be informative and contain sufficient Project detail to be useful to prospective equipment and service providers.

and

(c) Two (2) CD-ROMs, each containing a complete copy of the Public Version of the Final Report. The electronic files on the CD-ROMs shall be submitted in a commonly accessible read-only format. As these CD-ROMs will be available for public distribution, they must not contain any confidential information. It is the responsibility of the U.S. Firm to ensure that no confidential information is contained on the CD-ROMs.



The U.S. Firm shall also provide one (1) copy of the Public Version of the Final Report to the Foreign Commercial Service Officer or the Economic Section of the U.S. Embassy in Host Country for informational purposes.

(3) Final Report Presentation

All Final Reports submitted to USTDA must be paginated and include the following:

(a) The front cover of every Final Report shall contain the name of the Client, the name of the U.S. Firm who prepared the report, a report title, USTDA's logo, USTDA's mailing and delivery addresses. If the complete version of the Final Report contains confidential information, the U.S. Firm shall be responsible for labeling the front cover of that version of the Final Report with the term "Confidential Version." The U.S. Firm shall be responsible for labeling the front cover of the Public Version of the Final Report with the term "Public Version." The front cover of every Final Report shall also contain the following disclaimer:

"This report was funded by the U.S. Trade and Development Agency (USTDA), an agency of the U. S. Government. The opinions, findings, conclusions or recommendations expressed in this document are those of the author(s) and do not necessarily represent the official position or policies of USTDA. USTDA makes no representation about, nor does it accept responsibility for, the accuracy or completeness of the information contained in this report."

(b) The inside front cover of every Final Report shall contain USTDA's logo, USTDA's mailing and delivery addresses, and USTDA's mission statement. Camera-ready copy of USTDA Final Report specifications will be available from USTDA upon request.

(c) The U.S. Firm shall affix to the front of the CD-ROM a label identifying the Host Country, USTDA Activity Number, the name of the Client, the name of the U.S. Firm who prepared the report, a report title, and the following language:

"The U.S. Firm certifies that this CD-ROM contains the Public Version of the Final Report and that all contents are suitable for public distribution."

(d) The U.S. Firm and any subcontractors that perform work pursuant to the Grant Agreement must be clearly identified in the Final Report. Business name, point of contact, address, telephone and fax numbers shall be included for U.S. Firm and each subcontractor.

(e) The Final Report, while aiming at optimum specifications and characteristics for the Project, shall identify the availability of prospective U.S. sources of supply. Business name, point of contact, address, telephone and fax numbers shall be included for each commercial source.



(f) The Final Report shall be accompanied by a letter or other notation by the Client which states that the Client approves the Final Report. A certification by the Client to this effect provided on or with the invoice for final payment will meet this requirement.

J. Modifications

All changes, modifications, assignments or amendments to this Agreement of Understanding, including the appendices, shall be made only by written agreement by the parties hereto, subject to written USTDA approval.

K. Study Schedule

(1) Study Completion Date

The completion date for the Study, which is November 30, 2010, is the date by which the parties estimate that the Study will have been completed.

(2) Time Limitation on Disbursement of USTDA Grant Funds

Except as USTDA may otherwise agree, (a) no USTDA funds may be disbursed under this Agreement of Understanding for goods and services which are provided prior to the Effective Date of the Grant Agreement; and (b) all funds made available under the Grant Agreement must be disbursed within four (4) years from the Effective Date of the Grant Agreement.

L. Business Practices

The U.S. Firm agrees not to pay, promise to pay, or authorize the payment of any money or anything of value, directly or indirectly, to any person (whether a governmental official or private individual) for the purpose of illegally or improperly inducing anyone to take any action favorable to any party in connection with the Study. The Client agrees not to receive any such payment. The U.S. Firm and the Client agree that each will require that any agent or representative hired to represent them in connection with the Study will comply with this paragraph and all laws which apply to activities and obligations of each party under this Agreement of Understanding, including but not limited to those laws and obligations dealing with improper payments as described above.

M. USTDA Address and Fiscal Data

Any communication with USTDA regarding this Agreement of Understanding shall be sent to the following address and include the fiscal data listed below:



U.S. Trade and Development Agency
1000 Wilson Boulevard, Suite 1600
Arlington, Virginia 22209-3901
USA

Phone: (703) 875-4357
Fax: (703) 875-4009

Fiscal Data:

Appropriation No.:	119/101001
Activity No.:	200951019A
Reservation No.:	2009510025
Grant No.:	GH2009510010

N. Definitions

All capitalized terms not otherwise defined herein shall have the meaning set forth in the Grant Agreement.

O. Taxes

USTDA funds provided under the Grant Agreement shall not be used to pay any taxes, tariffs, duties, fees or other levies imposed under laws in effect in Host Country. Neither the Client nor the U.S. Firm will seek reimbursement from USTDA for such taxes, tariffs, duties, fees or other levies.



ANNEX 5

Annex I

Terms of Reference

Objective

The objective of the Rio Municipal Solid Waste to Energy Plant Feasibility Study ("Study") is to assist MPX Energia, S.A. ("MPX") in determining the technical and financial viability of constructing a greenfield waste to energy (WTE) plant in the state of Rio de Janeiro. In carrying out the Study, the selected U.S. Firm shall address all issues related to WTE conversion project sizing, optimal siting, technology selection, economic viability, environmental impacts, institutional issues, and financing options.

The Study tasks are as follows:

Task 1: Assessment of Municipal Solid Waste (MSW) Supply and Efficient WTE Disposal Options

The U.S. Firm shall identify the current MSW availability and quality within the target municipality. The assessment shall cover the newly proposed plant for a life cycle of at least 25 years.

The U.S. Firm shall perform the following sub-tasks as part of the assessment:

- Develop a current MSW generation profile;
- Develop projected growth scenarios;
- Evaluate options and determine the optimal technology, WTE conversion unit size and operational modes for the power plant in general; and
- Identify target locations applicable to Rio de Janeiro and evaluate possible sites for the plant.

Task 2: Evaluation of Proposed Options via Least Cost Analysis

The U.S. Firm shall collect and/or generate appropriate data for the alternatives identified in Task 1, including, but not limited to capital budgets, variable and fixed operating and maintenance (O&M) costs, fuel pricing, etc. All alternatives should be optimized based on the expected optimal size, operational modes, and technology for the plant developed in Task 1, and the U.S. Firm shall select the least-cost alternative in consultation with MPX.

Task 3: Detailed Cost and Implementation Schedule Estimates

Upon the selection of the least-cost alternative, the U.S. Firm shall prepare a detailed Engineer-Procure-Construct (EPC)-type cost estimate for the selected alternative. The estimate shall include a detailed breakdown of equipment and materials for all major components, including but not limited to major generation equipment, balance of plant,



instrumentation and controls, water treatment, electrical interconnection, and the cost of land acquisition/lease.

Task 4: Economic Evaluation of the Selected Alternative

The U.S. Firm shall conduct a sensitivity analyses on the selected alternative related to possible changes in all major external factors, such as fuel cost, electricity cost, interest rates, investment costs, and any other factors that may impact the plant profitability, as appropriate. The U.S. Firm shall calculate net present value, payback time, and Internal Rate of Return for all sensitivities, including varying basic economic/cost parameters to estimate variances, including, but not limited to interest rates, electricity costs, and fuel costs.

Task 5: Environmental and Social/Economic Impact Assessment

The U.S. Firm shall conduct a preliminary review of the Project's environmental impact with reference to all relevant local environmental requirements and regulations, those of multi-lateral and Brazilian lending agencies (such as the World Bank and the Brazilian National Development Bank), and those of the Export-Import Bank of the United States (or similar entities) that support power projects financed with credits or guarantees provided by the bank. The U.S. Firm shall perform a preliminary environmental impact assessment of the Project to identify potential negative impacts, discuss the extent to which they can be mitigated, and develop plans for a full environmental impact assessment in anticipation of the Project moving forward to implementation. In particular, the U.S. Firm shall identify, and propose remedies for any potential air, water, or noise pollution increases that might result from the Project.

The U.S. Firm shall also assess the potential development impact of the Project in the Host Country. The U.S. Firm shall focus on what the economic and social development outcomes will be if the Project is implemented according to the Study recommendations. While specific focus should be paid to the immediate impact of the Project, the U.S. Firm shall include, where appropriate, any additional developmental benefits resulting from the Project, including spin-off and demonstration effects. The analysis of potential benefits of the Study should be as concrete and detailed as possible. The Development Impact factors are intended to provide the Project's decision-makers and interested parties with a broader view of the Project's potential effects on the Host Country. The U.S. Firm shall provide estimates of the Project's potential benefits in the following areas:

- Infrastructure: a brief synopsis on the impact on infrastructure;
- Market-Oriented Reform: a description of any regulations, laws, or institutional changes that are recommended and the effect they would have if implemented;
- Human Capacity Building: a description of the number and type of positions that would be needed to construct and operate the plant, number of people that will be needed to procure construction materials, and erect and operate the plant, as well as the number of people who will receive training, and a brief description of the training program;



- Technology Transfer and Productivity Enhancement: a description of any advanced technologies that will be implemented as a result of the Project. A description of any efficiencies in productivity that will be gained in the relevant technical areas;
- Other: any other developmental benefits related to the Project, including spin-off or demonstration effects.

Task 6: Legal, Regulatory, and Institutional Review

The U.S. Firm shall review the existing renewable and energy sector laws of Brazil, permitting requirements, local building requirements, and other constraints (right-of-way, zoning ordinances, etc.) that may need to be taken into account before the Project moves into the implementation stage. The U.S. Firm shall clearly identify any problematic areas relating to participation (in any aspect of the Project) by U.S. companies, and shall convey these issues to MPX for consideration and/or corrective action, should this be appropriate.

Task 7: Financing Options Review

The U.S. Firm shall assist MPX in developing sound financing plans for the Project, and shall assist in finding a source suitable to MPX for funding all components of the Project. In this regard, the U.S. Firm shall obtain written expressions of interest on behalf of MPX from a number of potential donors/lenders and selected credit agencies. In addition, the U.S. Firm shall document current terms and conditions for each of the potential sources of funding that have been identified.

Task 8: Tender Documents Preparation

Upon completion of Tasks 1 through 7, MPX shall notify the U.S. Firm in writing as to whether MPX requires the U.S. Firm to complete Task 8. If MPX requires that the U.S. Firm complete Task 8, the U.S. Firm shall prepare a set of tender documents. The U.S. Firm shall ensure that tender specifications are drawn up in a manner that meets the procurement principle of maintaining fair and open competition. Tender specifications shall not be prepared, adopted, or applied with a view to or with the effect of creating obstacles to competition among bidders. The tender documents shall include: (a) Project Background and Information, (b) Requirements for the Environmental Impact Assessment; (c) Technical Specifications; and (d) Draft Contract clauses that include all appropriate commercial terms for Project execution.

If, however, MPX notifies the U.S. Firm that MPX does not want the U.S. Firm to complete Task 8, the U.S. Firm shall notify USTDA in writing and Task 8 shall be eliminated from the Project. The U.S. Firm shall then proceed to Task 9. If Task 8 is eliminated from the Terms of Reference (TOR), the U.S. Firm shall not be paid for Task 8 and MPX shall not get the benefit of Task 8. If Task 8 is eliminated from the TOR, the sum of \$45,976, which is the budgeted cost for Task 8, shall be eliminated from the



budget. Accordingly, the USTDA grant shall be reduced by \$45,976, and such funds shall be deobligated.

The Technical Specifications Documents should be divided into two sections: Section 1: Major Equipment; and Section 2: Civil Works and Construction. The major equipment shall include the following:

- International Tender for turbines, generators, boilers, and other mechanical equipment; and
- International Tender for electrical substation equipment and controls.

The civil works and construction shall include the following:

- International Tender for civil works and erection of the plant.

The Technical Specifications documents shall include provisions for the local component of the works (in particular as related to erection, installation, commissioning and testing). Tender documents shall be prepared in collaboration with MPX's staff.

Task 9 FINAL REPORT

Once MPX has provided comments and revisions to the draft final report, the U.S. Firm shall prepare and deliver to MPX and USTDA a substantive and comprehensive final report of all work performed under these Terms of Reference ("Final Report"). The Final Report shall be organized according to the above tasks, and shall include all deliverables and documents that have been provided to MPX. The Bidding Tender Documents delivered under Task 8 shall be submitted as a separate annex to the Final Report. It is the U.S. Firm's responsibility to identify prospective U.S. Sources of Supply in the Final Report to be submitted to USTDA and MPX in accordance with Clause I of Annex II of the Grant Agreement. The U.S. Suppliers list shall identify the capabilities, addresses, and principal points of contact for each of the suppliers.

The U.S. Firm shall provide to MPX the Final Report on CD-ROM and one (1) hard copy of both the confidential and public versions of the Final Report in English. The U.S. Firm also shall provide copies to USTDA and the U.S. Embassy in Brazil in accordance with Clause I of Annex II of the Grant Agreement.

Notes:

- 1) **The U.S. Firm is responsible for compliance with U.S. export licensing requirements, if applicable, in the performance of the Terms of Reference.**
- 2) **The U.S. Firm and MPX shall be careful to ensure that the public version of the Final Report contains no security or confidential information.**
- 3) **MPX and USTDA shall have an irrevocable, worldwide, royalty-free, non-exclusive right to use and distribute the Final Report and all work product that is developed under these Terms of Reference.**



Annex II

USTDA Mandatory Agreement of Understanding to Perform the Feasibility Study Clauses

A. USTDA Mandatory Clauses Controlling

The parties to this Agreement of Understanding to Perform the Feasibility Study ("Agreement of Understanding") acknowledge that this Agreement of Understanding is funded in whole or in part by the U.S. Trade and Development Agency ("USTDA") under the Grant Agreement between the Government of the United States of America acting through USTDA and MPX Energia, S.A. ("Client"), dated _____ ("Grant Agreement"). The Client has selected _____ ("U.S. Firm") to perform the feasibility study ("Study") for the Rio Municipal Solid Waste to Energy Plant Project ("Project") in Brazil ("Host Country"). Notwithstanding any other provisions of this Agreement of Understanding, the following USTDA mandatory Agreement of Understanding clauses shall govern. All sub-agreements entered into by the U.S. Firm funded or partially funded with USTDA Grant funds shall include these USTDA mandatory Agreement of Understanding clauses, except for clauses B(1), G, H, I, and J. In addition, in the event of any inconsistency between the Grant Agreement and any Agreement of Understanding or sub-agreement thereunder, the Grant Agreement shall be controlling.

B. USTDA as Financier

(1) USTDA Approval of Agreement of Understanding

All agreements of understanding funded under the Grant Agreement, and any amendments thereto, including assignments and changes in the Terms of Reference, must be approved by USTDA in writing in order to be effective with respect to the expenditure of USTDA Grant funds. USTDA will not authorize the disbursement of USTDA Grant funds until the Agreement of Understanding has been formally approved by USTDA or until the Agreement of Understanding conforms to modifications required by USTDA during the Agreement of Understanding review process.

(2) USTDA Not a Party to the Agreement of Understanding

It is understood by the parties that USTDA has reserved certain rights such as, but not limited to, the right to approve the terms of this Agreement of Understanding and amendments thereto, including assignments, the selection of all U.S. Firms, the Terms of Reference, the Final Report, and any and all documents related to any Agreement of Understanding funded under the Grant Agreement. The parties hereto further understand and agree that USTDA, in reserving any or all of the foregoing approval rights, has acted solely as a financing entity to assure the proper use of United States Government funds, and that any decision by USTDA to exercise or refrain from



exercising these approval rights shall be made as a financier in the course of financing the Study and shall not be construed as making USTDA a party to the Agreement of Understanding. The parties hereto understand and agree that USTDA may, from time to time, exercise the foregoing approval rights, or discuss matters related to these rights and the Project with the parties to the Agreement of Understanding or any sub-agreement, jointly or separately, without thereby incurring any responsibility or liability to such parties. Any approval or failure to approve by USTDA shall not bar the Client or USTDA from asserting any right they might have against the U.S. Firm, or relieve the U.S. Firm of any liability which the U.S. Firm might otherwise have to the Client or USTDA.

C. Nationality, Source and Origin

Except as USTDA may otherwise agree, the following provisions shall govern the delivery of goods and services funded by USTDA under the Grant Agreement: (a) for professional services, the U.S. Firm must be either a U.S. firm or U.S. individual; (b) the U.S. Firm may use U.S. subcontractors without limitation, but the use of subcontractors from Host Country may not exceed twenty percent (20%) of the USTDA Grant amount and may only be used for specific services from the Terms of Reference identified in the sub-agreement; (c) employees of the U.S. Firm or U.S. subcontractors responsible for professional services shall be U.S. citizens or non-U.S. citizens lawfully admitted for permanent residence in the U.S.; (d) goods purchased for performance of the Study and associated delivery services (e.g., international transportation and insurance) must have their nationality, source and origin in the United States; and (e) goods and services incidental to Study support (e.g., local lodging, food, and transportation) in Host Country are not subject to the above restrictions. USTDA will make available further details concerning these provisions upon request.

D. Recordkeeping and Audit

The U.S. Firm and subcontractors funded under the Grant Agreement shall maintain, in accordance with generally accepted accounting procedures, books, records, and other documents, sufficient to reflect properly all transactions under or in connection with the Agreement of Understanding. These books, records, and other documents shall clearly identify and track the use and expenditure of USTDA funds, separately from other funding sources. Such books, records, and documents shall be maintained during the Agreement of Understanding term and for a period of three (3) years after final disbursement by USTDA. The U.S. Firm and subcontractors shall afford USTDA, or its authorized representatives, the opportunity at reasonable times for inspection and audit of such books, records, and other documentation.



E. U.S. Carriers

(1) Air

Transportation by air of persons or property funded under the Grant Agreement shall be on U.S. flag carriers in accordance with the Fly America Act, 49 U.S.C. 40118, to the extent service by such carriers is available, as provided under applicable U.S. Government regulations.

(2) Marine

Transportation by sea of property funded under the Grant Agreement shall be on U.S. carriers in accordance with U.S. cargo preference law.

F. Workman's Compensation Insurance

The U.S. Firm shall provide adequate Workman's Compensation Insurance coverage for work performed under this Agreement of Understanding.

G. Reporting Requirements

The U.S. Firm shall advise USTDA by letter as to the status of the Project on March 1st annually for a period of two (2) years after completion of the Study. In addition, if at any time the U.S. Firm receives follow-on work from the Client, the U.S. Firm shall so notify USTDA and designate the U.S. Firm's contact point including name, telephone, and fax number. Since this information may be made publicly available by USTDA, any information which is confidential shall be designated as such by the U.S. Firm and provided separately to USTDA. USTDA will maintain the confidentiality of such information in accordance with applicable law.

H. Disbursement Procedures

(1) USTDA Approval of Agreement of Understanding

Disbursement of Grant funds will be made only after USTDA approval of this Agreement of Understanding. To make this review in a timely fashion, USTDA must receive from either the Client or the U.S. Firm a photocopy of an English language version of a signed Agreement of Understanding or a final negotiated draft version to the attention of the General Counsel's office at USTDA's address listed in Clause M below.



(2) Payment Schedule Requirements

A payment schedule for disbursement of Grant funds to the U.S. Firm shall be included in this Agreement of Understanding. Such payment schedule must conform to the following USTDA requirements: (1) up to twenty percent (20%) of the total USTDA Grant amount may be used as a mobilization payment; (2) all other payments, with the exception of the final payment, shall be based upon Agreement of Understanding performance milestones; and (3) the final payment may be no less than fifteen percent (15%) of the total USTDA Grant amount, payable upon receipt by USTDA of an approved Final Report in accordance with the specifications and quantities set forth in Clause I below. Invoicing procedures for all payments are described below.

(3) U.S. Firm Invoice Requirements

USTDA will make all disbursements of USTDA Grant funds directly to the U.S. Firm. The U.S. Firm must provide USTDA with an ACH Vendor Enrollment Form (available from USTDA) with the first invoice. The Client shall request disbursement of funds by USTDA to the U.S. Firm for performance of the contract by submitting the following to USTDA:

(a) U.S. Firm's Invoice

The U.S. Firm's invoice shall include reference to an item listed in the Agreement of Understanding payment schedule, the requested payment amount, and an appropriate certification by the U.S. Firm, as follows:

(i) For a mobilization payment (if any):

"As a condition for this mobilization payment, the U.S. Firm certifies that it will perform all work in accordance with the terms of its Agreement of Understanding with the Client. To the extent that the U.S. Firm does not comply with the terms and conditions of the Agreement of Understanding, including the USTDA mandatory provisions contained therein, it will, upon USTDA's request, make an appropriate refund to USTDA. "

(ii) For Agreement of Understanding performance milestone payments:

"The U.S. Firm has performed the work described in this invoice in accordance with the terms of its Agreement of Understanding with the Client and is entitled to payment thereunder. To the extent the U.S. Firm has not complied with the terms and conditions of the Agreement of Understanding, including the USTDA mandatory provisions contained therein, it will, upon USTDA's request, make an appropriate refund to USTDA."



(iii) For final payment:

"The U.S. Firm has performed the work described in this invoice in accordance with the terms of its Agreement of Understanding with the Client and is entitled to payment thereunder. Specifically, the U.S. Firm has submitted the Final Report to the Client, as required by the Agreement of Understanding, and received the Client's approval of the Final Report. To the extent the U.S. Firm has not complied with the terms and conditions of the Agreement of Understanding, including the USTDA mandatory provisions contained therein, it will, upon USTDA's request, make an appropriate refund to USTDA."

(b) Client's Approval of the U.S. Firm's Invoice

(i) The invoice for a mobilization payment must be approved in writing by the Client.

(ii) For Agreement of Understanding performance milestone payments, the following certification by the Client must be provided on the invoice or separately:

"The services for which disbursement is requested by the U.S. Firm have been performed satisfactorily, in accordance with applicable Agreement of Understanding provisions and the terms and conditions of the USTDA Grant Agreement."

(iii) For final payment, the following certification by the Client must be provided on the invoice or separately:

"The services for which disbursement is requested by the U.S. Firm have been performed satisfactorily, in accordance with applicable Agreement of Understanding provisions and terms and conditions of the USTDA Grant Agreement. The Final Report submitted by the U.S. Firm has been reviewed and approved by the Client. "

(c) USTDA Address for Disbursement Requests

Requests for disbursement shall be submitted by courier or mail to the attention of the Finance Department at USTDA's address listed in Clause M below.

(4) Termination

In the event that the Agreement of Understanding is terminated prior to completion, the U.S. Firm will be eligible, subject to USTDA approval, for reasonable and documented costs which have been incurred in performing the Terms of Reference prior to termination, as well as reasonable wind down expenses. Reimbursement for such costs shall not exceed the total amount of undisbursed Grant funds. Likewise, in



the event of such termination, USTDA is entitled to receive from the U.S. Firm all USTDA Grant funds previously disbursed to the U.S. Firm (including but not limited to mobilization payments) which exceed the reasonable and documented costs incurred in performing the Terms of Reference prior to termination.

I. USTDA Final Report

(1) Definition

"Final Report" shall mean the Final Report described in the attached Annex I Terms of Reference or, if no such "Final Report" is described therein, "Final Report" shall mean a substantive and comprehensive report of work performed in accordance with the attached Annex I Terms of Reference, including any documents delivered to the Client.

(2) Final Report Submission Requirements

The U.S. Firm shall provide the following to USTDA:

(a) One (1) complete version of the Final Report for USTDA's records. This version shall have been approved by the Client in writing and must be in the English language. It is the responsibility of the U.S. Firm to ensure that confidential information, if any, contained in this version be clearly marked. USTDA will maintain the confidentiality of such information in accordance with applicable law.

and

(b) One (1) copy of the Final Report suitable for public distribution ("Public Version"). The Public Version shall have been approved by the Client in writing and must be in the English language. As this version will be available for public distribution, it must not contain any confidential information. If the report in (a) above contains no confidential information, it may be used as the Public Version. In any event, the Public Version must be informative and contain sufficient Project detail to be useful to prospective equipment and service providers.

and

(c) Two (2) CD-ROMs, each containing a complete copy of the Public Version of the Final Report. The electronic files on the CD-ROMs shall be submitted in a commonly accessible read-only format. As these CD-ROMs will be available for public distribution, they must not contain any confidential information. It is the responsibility of the U.S. Firm to ensure that no confidential information is contained on the CD-ROMs.



The U.S. Firm shall also provide one (1) copy of the Public Version of the Final Report to the Foreign Commercial Service Officer or the Economic Section of the U.S. Embassy in Host Country for informational purposes.

(3) Final Report Presentation

All Final Reports submitted to USTDA must be paginated and include the following:

(a) The front cover of every Final Report shall contain the name of the Client, the name of the U.S. Firm who prepared the report, a report title, USTDA's logo, USTDA's mailing and delivery addresses. If the complete version of the Final Report contains confidential information, the U.S. Firm shall be responsible for labeling the front cover of that version of the Final Report with the term "Confidential Version." The U.S. Firm shall be responsible for labeling the front cover of the Public Version of the Final Report with the term "Public Version." The front cover of every Final Report shall also contain the following disclaimer:

"This report was funded by the U.S. Trade and Development Agency (USTDA), an agency of the U. S. Government. The opinions, findings, conclusions or recommendations expressed in this document are those of the author(s) and do not necessarily represent the official position or policies of USTDA. USTDA makes no representation about, nor does it accept responsibility for, the accuracy or completeness of the information contained in this report."

(b) The inside front cover of every Final Report shall contain USTDA's logo, USTDA's mailing and delivery addresses, and USTDA's mission statement. Camera-ready copy of USTDA Final Report specifications will be available from USTDA upon request.

(c) The U.S. Firm shall affix to the front of the CD-ROM a label identifying the Host Country, USTDA Activity Number, the name of the Client, the name of the U.S. Firm who prepared the report, a report title, and the following language:

"The U.S. Firm certifies that this CD-ROM contains the Public Version of the Final Report and that all contents are suitable for public distribution."

(d) The U.S. Firm and any subcontractors that perform work pursuant to the Grant Agreement must be clearly identified in the Final Report. Business name, point of contact, address, telephone and fax numbers shall be included for U.S. Firm and each subcontractor.

(e) The Final Report, while aiming at optimum specifications and characteristics for the Project, shall identify the availability of prospective U.S. sources of supply. Business name, point of contact, address, telephone and fax numbers shall be included for each commercial source.

Annex II



(f) The Final Report shall be accompanied by a letter or other notation by the Client which states that the Client approves the Final Report. A certification by the Client to this effect provided on or with the invoice for final payment will meet this requirement.

J. Modifications

All changes, modifications, assignments or amendments to this Agreement of Understanding, including the appendices, shall be made only by written agreement by the parties hereto, subject to written USTDA approval.

K. Study Schedule

(1) Study Completion Date

The completion date for the Study, which is November 30, 2010, is the date by which the parties estimate that the Study will have been completed.

(2) Time Limitation on Disbursement of USTDA Grant Funds

Except as USTDA may otherwise agree, (a) no USTDA funds may be disbursed under this Agreement of Understanding for goods and services which are provided prior to the Effective Date of the Grant Agreement; and (b) all funds made available under the Grant Agreement must be disbursed within four (4) years from the Effective Date of the Grant Agreement.

L. Business Practices

The U.S. Firm agrees not to pay, promise to pay, or authorize the payment of any money or anything of value, directly or indirectly, to any person (whether a governmental official or private individual) for the purpose of illegally or improperly inducing anyone to take any action favorable to any party in connection with the Study. The Client agrees not to receive any such payment. The U.S. Firm and the Client agree that each will require that any agent or representative hired to represent them in connection with the Study will comply with this paragraph and all laws which apply to activities and obligations of each party under this Agreement of Understanding, including but not limited to those laws and obligations dealing with improper payments as described above.

M. USTDA Address and Fiscal Data

Any communication with USTDA regarding this Agreement of Understanding shall be sent to the following address and include the fiscal data listed below:



U.S. Trade and Development Agency
1000 Wilson Boulevard, Suite 1600
Arlington, Virginia 22209-3901
USA

Phone: (703) 875-4357
Fax: (703) 875-4009

Fiscal Data:

Appropriation No.:	119/101001
Activity No.:	200951019A
Reservation No.:	2009510025
Grant No.:	GH2009510010

N. Definitions

All capitalized terms not otherwise defined herein shall have the meaning set forth in the Grant Agreement.

O. Taxes

USTDA funds provided under the Grant Agreement shall not be used to pay any taxes, tariffs, duties, fees or other levies imposed under laws in effect in Host Country. Neither the Client nor the U.S. Firm will seek reimbursement from USTDA for such taxes, tariffs, duties, fees or other levies.



ANNEX 6

COMPANY INFORMATION

A. Company Profile

Provide the information listed below relative to the Offeror's firm. If the Offeror is proposing to subcontract some of the proposed work to another firm(s), the information below must be provided for each subcontractor.

1. Name of firm and business address (street address only), including telephone and fax numbers:
2. Year established (include predecessor companies and year(s) established, if appropriate).
3. Type of ownership (e.g. public, private or closely held).
4. If private or closely held company, provide list of shareholders and the percentage of their ownership.
5. List of directors and principal officers (President, Chief Executive Officer, Vice-President(s), Secretary and Treasurer; provide full names including first, middle and last). Please place an asterisk (*) next to the names of those principal officers who will be involved in the Feasibility Study.
6. If Offeror is a subsidiary, indicate if Offeror is a wholly-owned or partially-owned subsidiary. Provide the information requested in items 1 through 5 above for the Offeror's parent(s).

7. Project Manager's name, address, telephone number, e-mail address and fax number .

B. Offeror's Authorized Negotiator

Provide name, title, address, telephone number, e-mail address and fax number of the Offeror's authorized negotiator. The person cited shall be empowered to make binding commitments for the Offeror and its subcontractors, if any.

C. Negotiation Prerequisites

1. Discuss any current or anticipated commitments which may impact the ability of the Offeror or its subcontractors to complete the Feasibility Study as proposed and reflect such impact within the project schedule.
2. Identify any specific information which is needed from the Grantee before commencing contract negotiations.

D. Offeror's Representations

Please provide exceptions and/or explanations in the event that any of the following representations cannot be made:

1. Offeror is a corporation [*insert applicable type of entity if not a corporation*] duly organized, validly existing and in good standing under the laws of the State of _____. The Offeror has all the requisite corporate power and authority to conduct its business as presently conducted, to submit this proposal, and if selected, to execute and deliver a contract to the Grantee for the performance of the Feasibility Study. The Offeror is not debarred, suspended, or to the best of its knowledge or belief, proposed for debarment, or ineligible for the award of contracts by any federal or state governmental agency or authority. The Offeror has included, with this proposal, a certified copy of its Articles of Incorporation, and a certificate of good

standing issued within one month of the date of its proposal by the State of _____.

2. Neither the Offeror nor any of its principal officers have, within the three-year period preceding this RFP, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a federal, state or local government contract or subcontract; violation of federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, violating federal or state criminal tax laws, or receiving stolen property.
3. Neither the Offeror, nor any of its principal officers, is presently indicted for, or otherwise criminally or civilly charged with, commission of any of the offenses enumerated in paragraph 2 above.
4. There are no federal or state tax liens pending against the assets, property or business of the Offeror. The Offeror, has not, within the three-year period preceding this RFP, been notified of any delinquent federal or state taxes in an amount that exceeds \$3,000 for which the liability remains unsatisfied. Taxes are considered delinquent if (a) the tax liability has been fully determined, with no pending administrative or judicial appeals; and (b) a taxpayer has failed to pay the tax liability when full payment is due and required.
5. The Offeror has not commenced a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law. The Offeror has not had filed against it an involuntary petition under any bankruptcy, insolvency or similar law.

The selected Offeror shall notify the Grantee and USTDA if any of the representations included in its proposal are no longer true and correct at the time of its entry into a contract with the Grantee. USTDA retains the right to request an updated certificate of good standing from the selected Offeror.

Signed: _____
(Authorized Representative)

Print Name: _____

Title: _____

Date: _____